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Manufacturing Investment Statistics

Capital Appropriations

Third Quarter 1981

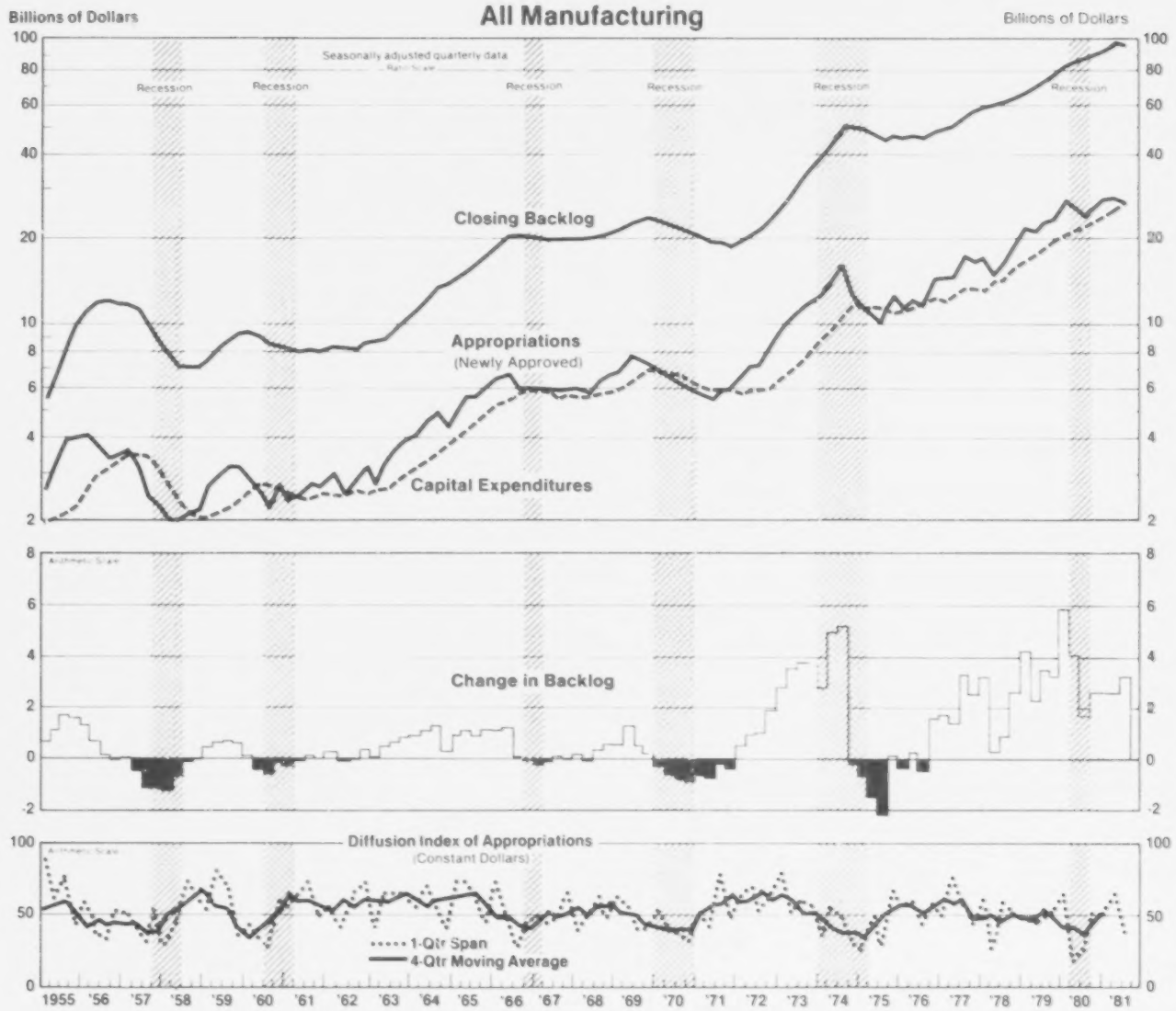
and

Capital Investment and Supply Conditions

October 1981

The Conference Board

CAPITAL APPROPRIATIONS IN RECESSION AND EXPANSION



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The Conference Board

Quarterly Survey of Capital Appropriations

Third Quarter 1981

Capital appropriations declined in most manufacturing industries in the third quarter while capital outlays generally increased. Total capital appropriations of the 1,000 largest manufacturers fell 5.6% in the quarter, following three quarters of increase that had aggregated nearly 18%. Appropriations of nondurables companies fell 10.1% in the third quarter, with declines widespread in the sector. Among durable goods companies, declines in some industries about offset gains in others, and total appropriations edged up 0.9%. *The large manufacturers' capital spending rose 10.4% in the third quarter, one of the biggest gains in the survey's history.* The increase was 10.4% for both durables and nondurables separately. Developments in the very large and often volatile petroleum industry (accounting for about 30% of both appropriations and spending) did not have much impact on the overall behavior of appropriations and spending in the third quarter. Petroleum appropriations fell 6.2% while spending rose 12.8%. Excluding petroleum, the 1,000 largest companies' appropriations fell 5.4% and spending rose 9.4%.

On the basis of data for the first three quarters of 1981, it appears that the 1,000 largest companies' capital appropriations this year will be about 8% above 1980 and that their capital spending will be up about 19%. The increases in the petroleum industry will be much larger than the all-manufacturing averages; this was the case in 1980 as well. In 1982, however, the petroleum industry expects declines in both appropriations and spending while the rest of manufacturing looks for modest increases in both categories. *The respondents' expectations point to all-manufacturing increases in 1982 of about 6% in appropriations and about 3% in spending.*

Third Quarter of 1981

The 1,000 largest manufacturers' appropriations fell 5.6% in the third quarter to $26.8 billion (seasonally adjusted). Declines were recorded in every nondurables industry except chemicals, and in half of the durable goods industries. The biggest declines were 30.4% for instruments, 41.3% for miscellaneous nondurables, and 51.3% for paper; in the instruments and paper industries, these drops followed enormous increases in the second quarter. On the increase side, the biggest third-quarter appropriations gains were in electrical machinery (29.2%), fabricated metals (47.1%), and motor vehicles (58.8%). Despite these gains, third-quarter appropriations in the fabricated metals and motor vehicle industries were below the year-earlier levels.

Capital spending by the big manufacturers totaled $27.1 billion in the third quarter, up 10.4% from the second. This was a very large advance: The average in the preceding three years was about 4½% per quarter. Unusually large third-quarter increases, relative to the usual trends, were posted in six of the ten durables industries (nonferrous metals, motor vehicles, stone-clay-glass, fabricated metals, instruments, miscellaneous durables) but in only two nondurables industries (chemicals and miscellaneous).

Cancellations and adjustments of appropriations were only $81 million in the third quarter. One reason the figure was so low is that the petroleum industry reported a $324 million positive adjustment reflecting correction of previous under-reporting. Even had this not occurred, cancellations and adjustments would have been only a relatively low $405 million. Net appropriations in the third quarter, after cancellations and adjustments, were $26.8 billion, down 3.5% from the second quarter. The net decline was milder than the gross (5.6%) because second-quarter cancellations and adjustments were $719 million, far more than the third-quarter figure.

With net appropriations of $26.8 billion and capital spending of $27.1 billion, the 1,000 largest manufacturers' backlog of unspent appropriations edged off by $0.3 billion to a September 30 level of $96.3 billion. By contrast, the backlog had been rising during the preceding three years at an average rate of about $3 billion per quarter.

The third-quarter decline in the backlog was the first in five years. When the economy slumped in 1980, appropriations dropped for two quarters but the decline was modest relative to past business cycles and net appropriations never fell below spending. Therefore, the backlog never shrank. The tiny drop in the backlog in the third quarter of 1981 was as much a result of the very big spending increase as it was of the appropriations decline. Since the weakness of the economy this year is probably continuing to hold down appropriations, further shrinkage of the backlog would not be surprising.

Prospects for 1981 and 1982

In the first three quarters of 1981, the 1,000 largest manufacturers' capital appropriations were up 7.2% from the same period of 1980 and capital spending was up 18.0%. The latest survey did not ask about the companies' expectations for the full year 1981. *However, it seems likely that total 1981 appropriations will be nearly 8% above 1980 and that spending will be up nearly 19%.* The petroleum industry is far in the lead, with probable 1981 increases of around 15% in appropriations and 45% in spending. These gains are not only well ahead of the all-manufacturing averages, they are well ahead of the petroleum companies' own reported expectations for 1981. Nonpetroleum companies, taken together, will probably show a rise of about 4% in appropriations this year and a 10% rise in spending.

These probable outcomes for 1981 are shown in Table 4 along with the first reading of expectations for 1982. *The indication is for a 6% rise in appropriations in 1982, with petroleum down slightly and nonpetroleum industries up 10%. Capital spending growth slows sharply in 1982: The all manufacturing increase is only 3%, with petroleum down 14% and other industries up 10%.* The petroleum industry is essentially just slowing down following enormous growth. But for manufacturing in general, it would appear that spending plans have been damped by the 1980-1981 weakness of the economy and the prospect of more of the same in 1982. This weakness is countering the investment-stimulating effects of the 1981 tax legislation.

Lora S. Collins

TABLE 1. PERCENT CHANGES IN CAPITAL APPROPRIATIONS AND EXPENDITURES
Seasonally Adjusted Data in Current and Constant (1972) Dollars

	Current Dollars				Constant Dollars			
	IV-80 to I-81	I-81 to II-81	II-81 to III-81	III-80 to III-81	IV-80 to I-81	I-81 to II-81	II-81 to III-81	III-80 to III-81
				—APPROPRIATIONS—				
ALL MANUFACTURING	6.1	2.5	— 5.6	11.3	0.7	1.8	— 7.5	1.7
ALL MFG. EX PETROLEUM	— 8.1	26.4	— 5.4	21.4	— 9.4	23.0	— 7.7	12.9
DURABLE GOODS	—12.0	23.2	0.9	25.4	—13.7	18.8	— 1.5	16.0
Primary iron & steel	21.9	72.3	— 1.3	131.5	20.3	63.9	— 9.2	103.1
Primary nonferrous metals	68.1	—28.5	9.9	— 9.2	67.7	—30.5	9.8	—13.1
Electrical machinery & equipment	—11.7	11.6	29.2	18.3	—12.2	7.5	28.0	12.0
Nonelectrical machinery	3.3	34.2	—14.5	74.8	— 0.9	28.2	—14.8	62.0
Motor vehicles & equipment	—58.6	13.9	58.8	— 8.9	—60.6	10.6	58.6	—15.7
Other transportation equipment	44.9	—20.5	— 2.3	—10.7	45.0	—22.2	— 4.3	—13.6
Stone, clay & glass	14.5	21.2	8.2	55.3	18.5	18.6	3.0	38.9
Fabricated metals	—18.9	—27.0	47.1	— 7.1	—19.9	—28.5	38.1	—15.3
Instruments & photo equipment	4.8	110.7	—30.4	13.0	3.2	102.0	—32.5	2.0
Other durable goods†	—70.0	— 9.9	— 7.8	—28.7	—70.4	—13.2	— 8.6	—33.3
NONDURABLE GOODS	18.7	— 8.1	—10.1	2.3	10.8	— 7.6	—11.8	— 7.3
Food & beverages	— 0.3	6.6	— 4.5	12.4	0.0	3.2	— 6.9	3.3
Textiles	—16.9	11.3	— 8.3	17.4	—18.8	6.4	— 8.0	7.6
Paper & allied products	—20.4	337.1	—51.3	24.9	—22.0	336.7	—52.7	18.7
Chemicals & allied products	— 8.1	3.5	11.6	24.5	— 7.5	2.6	7.9	18.5
Petroleum & coal products	32.7	—28.4	— 6.2	— 6.7	19.8	—28.6	— 7.1	—18.1
Rubber products	13.8	— 1.5	— 1.5	— 2.0	8.0	— 3.8	— 1.6	—10.3
Other nondurable goods†	71.8	19.9	—41.3	—22.1	63.8	13.4	—39.7	—28.6
				—EXPENDITURES—				
ALL MANUFACTURING	6.1	1.3	10.4	22.3	1.8	— 0.9	8.5	11.8
ALL MFG. EX PETROLEUM	1.8	0.6	9.4	14.5	0.2	— 2.3	7.1	6.7
DURABLE GOODS	— 1.9	0.7	10.4	16.1	— 3.9	— 2.9	8.4	7.8
Primary iron & steel	3.9	7.4	2.5	— 2.9	2.5	2.2	— 5.7	—14.8
Primary nonferrous metals	0.5	5.4	38.2	32.7	0.2	2.3	38.0	26.8
Electrical machinery & equipment	—11.9	0.2	— 0.8	0.9	—12.3	— 3.5	— 1.7	— 4.4
Nonelectrical machinery	0.8	— 1.5	— 0.4	23.3	— 3.3	— 5.9	— 0.8	14.3
Motor vehicles & equipment	2.1	— 0.1	36.9	47.4	— 2.9	— 3.0	36.7	36.6
Other transportation equipment	— 8.5	5.3	— 2.6	— 6.6	— 8.4	3.0	— 4.6	— 9.4
Stone, clay & glass	— 7.7	1.7	8.0	—10.0	— 4.5	— 0.4	2.8	—19.5
Fabricated metals	1.0	—13.4	13.4	— 7.5	— 0.3	—15.3	6.4	—15.6
Instruments & photo equipment	0.7	9.0	12.4	38.5	— 0.8	4.4	9.0	24.9
Other durable goods†	3.9	— 7.5	17.6	14.2	2.6	—10.9	16.5	6.8
NONDURABLE GOODS	12.9	1.8	10.4	27.2	6.8	0.6	8.5	15.1
Food & beverages	16.5	7.9	— 0.7	16.7	16.9	4.5	— 3.2	7.3
Textiles	2.9	4.0	— 3.5	— 2.0	0.5	— 0.6	— 3.1	—10.4
Paper & allied products	— 3.4	3.8	— 6.9	— 1.7	— 5.4	3.8	— 9.7	— 6.8
Chemicals & allied products	5.2	— 3.7	14.8	9.0	5.9	— 4.5	11.0	3.7
Petroleum & coal products	17.7	2.9	12.8	43.8	6.3	2.8	11.7	26.2
Rubber products	1.1	5.6	—23.8	—27.3	— 4.0	3.1	—23.9	—33.6
Other nondurable goods†	24.9	— 7.4	37.7	58.2	19.0	—12.4	41.5	44.8

See General Notes on page 7.

TABLE 2. CAPITAL APPROPRIATIONS AND EXPENDITURES

Seasonally Adjusted Quarterly Data in Millions of Current and Constant (1972) Dollars

	Current Dollars				Constant (1972) Dollars			
	IV-80	I-81	II-81	III-81	IV-80	I-81	II-81	III-81
ALL MANUFACTURING								
Opening backlog	88,121	90,727	93,339	96,559	81,145	82,546	83,726	85,402
Newly approved	26,151	27,746	28,445	26,843	14,225	14,318	14,574	13,474
Canceled	744	946	719	81	406	494	372	51
Capital expenditure	22,801	24,188	24,506	27,059	12,417	12,643	12,527	13,588
Closing backlog	90,727	93,339	96,559	96,262	82,546	83,726	85,402	85,237
DURABLE GOODS								
Opening backlog	40,477	40,782	39,922	40,878	38,405	38,579	38,128	38,643
Newly approved	10,724	9,439	11,626	11,730	5,909	5,102	6,063	5,970
Canceled	−58	24	322	202	−31	13	169	102
Capital expenditure	10,477	10,275	10,348	11,426	5,766	5,541	5,380	5,832
Closing backlog	40,782	39,922	40,878	40,980	38,579	38,128	38,643	38,678
Primary iron & steel								
Opening backlog	3,786	3,795	4,050	4,697	5,347	5,352	5,494	5,837
Newly approved	789	962	1,658	1,637	445	536	879	798
Canceled	56	−45	203	55	32	−25	108	27
Capital expenditure	724	752	808	828	409	419	428	404
Closing backlog	3,795	4,050	4,697	5,451	5,352	5,494	5,837	6,204
Primary nonferrous metals								
Opening backlog	3,732	3,636	3,879	3,847	3,748	3,696	3,827	3,810
Newly approved	529	889	636	699	285	478	332	364
Canceled	−21	−3	−16	3	−11	−2	−8	2
Capital expenditure	646	649	684	945	348	349	357	492
Closing backlog	3,636	3,879	3,847	3,598	3,696	3,827	3,810	3,680
Electrical machinery & equipment								
Opening backlog	4,221	4,000	3,708	3,623	4,273	4,153	3,994	3,950
Newly approved	1,433	1,265	1,412	1,825	782	687	738	945
Canceled	−73	35	−28	27	−40	19	−15	14
Capital expenditure	1,727	1,522	1,525	1,513	942	826	797	784
Closing backlog	4,000	3,708	3,623	3,908	4,153	3,994	3,950	4,098
Nonelectrical machinery								
Opening backlog	6,666	6,462	6,444	7,104	5,978	5,864	5,854	6,194
Newly approved	2,507	2,590	3,475	2,972	1,408	1,395	1,788	1,523
Canceled	30	−95	153	40	17	−51	79	20
Capital expenditure	2,681	2,703	2,662	2,652	1,505	1,456	1,370	1,359
Closing backlog	6,462	6,444	7,104	7,384	5,864	5,854	6,194	6,337
Motor vehicles & equipment								
Opening backlog	11,017	11,485	10,780	10,169	8,669	8,927	8,558	8,248
Newly approved	1,800	746	850	1,350	990	390	431	684
Canceled	−92	−3	8	−30	−51	−2	4	−15
Capital expenditure	1,424	1,454	1,453	1,989	783	760	737	1,008
Closing backlog	11,485	10,780	10,169	9,560	8,927	8,558	8,248	7,939
Other transportation equipment								
Opening backlog	3,065	2,771	2,806	2,674	2,566	2,411	2,430	2,362
Newly approved	637	923	734	717	336	487	379	362
Canceled	21	55	−11	25	11	29	−6	13
Capital expenditure	910	833	877	854	479	439	452	432
Closing backlog	2,771	2,806	2,674	2,512	2,411	2,430	2,362	2,280
Stone, clay & glass								
Opening backlog	2,020	1,912	1,863	1,940	2,215	2,158	2,131	2,172
Newly approved	421	482	584	632	224	266	315	325
Canceled	23	64	32	43	12	35	17	22
Capital expenditure	506	467	475	513	270	257	256	264
Closing backlog	1,912	1,863	1,940	2,016	2,158	2,131	2,172	2,211
Fabricated metals								
Opening backlog	1,569	1,713	1,704	1,717	1,603	1,683	1,678	1,685
Newly approved	498	404	295	434	274	219	157	216
Canceled	−29	26	−53	8	−16	14	−28	4
Capital expenditure	383	387	335	380	211	210	178	189
Closing backlog	1,713	1,704	1,717	1,763	1,683	1,678	1,685	1,708

TABLE 2. CAPITAL APPROPRIATIONS AND EXPENDITURES (continued)

	Current Dollars				Constant (1972) Dollars			
	IV-80	I-81	II-81	III-81	IV-80	I-81	II-81	III-81
Instruments & photo equipment								
Opening backlog	1,763	1,673	1,591	2,299	1,566	1,515	1,470	1,844
Newly approved	728	763	1,608	1,119	408	421	850	573
Canceled	10	31	13	25	6	17	7	13
Capital expenditure	808	814	887	997	453	449	469	511
Closing backlog	1,673	1,591	2,299	2,396	1,515	1,470	1,844	1,894
Other durable goods†								
Opening backlog	2,638	3,335	3,097	2,808	2,439	2,821	2,692	2,541
Newly approved	1,382	415	374	345	758	225	195	178
Canceled	17	—41	21	6	9	—22	11	3
Capital expenditure	668	694	642	755	366	376	335	390
Closing backlog	3,335	3,097	2,808	2,392	2,821	2,692	2,541	2,326
NONDURABLE GOODS								
Opening backlog	47,644	49,945	53,417	55,681	42,740	43,966	45,599	46,760
Newly approved	15,427	18,307	16,819	15,113	8,316	9,216	8,511	7,504
Canceled	802	922	397	—121	437	482	203	—51
Capital expenditure	12,324	13,913	14,158	15,633	6,652	7,101	7,147	7,756
Closing backlog	49,945	53,417	55,681	55,282	43,966	45,599	46,760	46,559
Food & beverages								
Opening backlog	5,126	5,039	4,836	4,616	4,674	4,627	4,518	4,404
Newly approved	1,574	1,569	1,673	1,598	843	843	870	810
Canceled	213	85	73	21	114	46	38	11
Capital expenditure	1,448	1,687	1,820	1,807	775	906	947	916
Closing backlog	5,039	4,836	4,616	4,386	4,627	4,518	4,404	4,287
Textiles								
Opening backlog	707	806	826	898	779	834	845	882
Newly approved	350	291	324	297	195	158	168	155
Canceled	11	24	—5	30	6	13	—3	16
Capital expenditure	240	247	257	248	133	134	133	129
Closing backlog	806	826	898	917	834	845	882	892
Paper & allied products								
Opening backlog	4,453	3,818	3,336	4,358	4,118	3,764	3,501	4,058
Newly approved	579	461	2,015	982	323	252	1,099	520
Canceled	191	—45	—33	56	106	—25	—18	30
Capital expenditure	1,023	988	1,026	955	570	539	559	505
Closing backlog	3,818	3,336	4,358	4,329	3,764	3,501	4,058	4,043
Chemicals & allied products								
Opening backlog	9,173	9,819	9,417	9,480	9,186	9,529	9,315	9,348
Newly approved	3,193	2,935	3,038	3,389	1,696	1,568	1,610	1,737
Canceled	—167	481	224	70	—89	257	119	36
Capital expenditure	2,714	2,856	2,751	3,158	1,442	1,526	1,458	1,618
Closing backlog	9,819	9,417	9,480	9,641	9,529	9,315	9,348	9,431
Petroleum and coal products								
Opening backlog	24,173	26,562	31,167	32,251	20,498	21,788	24,032	24,560
Newly approved	9,099	12,070	8,637	8,102	4,912	5,883	4,202	3,904
Canceled	563	227	103	—324	304	111	50	—156
Capital expenditure	6,147	7,238	7,450	8,405	3,318	3,528	3,625	4,050
Closing backlog	26,562	31,167	32,251	32,272	21,788	24,032	24,560	24,570
Rubber products								
Opening backlog	971	956	868	883	1,075	1,066	1,019	1,027
Newly approved	181	206	203	200	102	110	106	104
Canceled	19	115	—1	—3	11	62	—1	—2
Capital expenditure	177	179	189	144	100	96	99	75
Closing backlog	956	868	883	942	1,066	1,019	1,027	1,058
Other nondurable goods†								
Opening backlog	3,041	2,945	2,967	3,195	2,410	2,358	2,369	2,481
Newly approved	451	775	929	545	245	402	456	275
Canceled	—28	35	36	29	—15	18	18	15
Capital expenditure	575	718	665	916	313	372	326	462
Closing backlog	2,945	2,967	3,195	2,795	2,358	2,369	2,481	2,279

See General Notes on page 7.

TABLE 3. PROPORTION OF APPROPRIATIONS FOR PLANT

Percent

	79-III	79-IV	80-I	80-II	80-III	80-IV	81-I	81-II	81-III
ALL MANUFACTURING	21	21	23	21	23	19	21	20	20
DURABLE GOODS	19	17	19	22	23	15	19	21	22
Primary iron and steel	13	15	8	12	18	6	6	14	38
Primary nonferrous metals	22	24	25	24	26	24	20	20	14
Electrical machinery & equipment	20	16	22	20	24	19	16	19	16
Nonelectrical machinery	19	8	15	24	20	8	19	25	20
Motor vehicles & equipment	21	10	25	20	24	16	30	30	24
Other transportation equipment	20	34	22	38	41	32	27	24	25
Stone, clay & glass	10	12	7	7	5	28	10	7	19
Fabricated metals	13	18	16	21	25	16	16	13	30
Instruments & photo equipment	23	24	13	20	10	9	10	15	20
Other durable goods	21	19	45	20	21	17	17	20	17
NONDURABLE GOODS	23	25	28	18	22	24	23	17	18
Food & beverages	26	29	19	17	21	26	20	21	24
Textiles	26	17	15	21	10	12	16	22	14
Paper & allied products	12	12	13	16	17	11	14	3	8
Chemicals & allied products	28	26	23	23	30	29	22	14	20
Rubber products	18	10	12	8	8	6	21	19	13
Other nondurable goods	20	39	68	12	22	20	33	42	26

Based on data from those companies that report appropriations for plant and equipment separately. The composition of this group varies slightly from quarter to quarter. Petroleum industry is excluded. Historical data from 1959 available on request.

See also General Notes on page 7.

TABLE 4. PERCENT CHANGE IN CAPITAL APPROPRIATIONS AND EXPENDITURES: 1980 ACTUAL, 1981 ESTIMATED AND 1982 EXPECTED*

	Appropriations			Expenditures		
	1980	1981	1982	1980	1981	1982
All Manufacturing	18	8	6	21	19	3
All Manufacturing except Petroleum	4	4	10	17	10	10
Durable goods	2	4	3	17	8	3
Nondurable goods	34	10	9	24	28	2
Petroleum	68	15	—2	32	45	—14
Other	7	4	23	19	12	20

*Estimates for 1981 are based on three quarters of data plus the respondents' mid-1981 expectations. Expectations for 1982 are based on the survey respondents' answers to a question about their expectations.

See also General Notes on page 7.

TABLE 5. CAPITAL APPROPRIATIONS AND EXPENDITURES, ANNUAL TOTALS
In Millions of Current and Constant (1972) Dollars

	Current Dollars				Constant (1972) Dollars			
	1977	1978	1979	1980	1977	1978	1979	1980
				—APPROPRIATIONS—				
ALL MANUFACTURING	63,420	67,156	88,519	104,631	43,697	43,085	52,469	58,285
ALL MFG. EX. PETROLEUM	45,893	52,014	68,993	71,756	31,845	33,509	41,380	40,075
DURABLE GOODS	26,644	33,089	43,339	44,271	18,529	21,290	26,088	24,805
Primary iron & steel	2,516	3,083	3,559	2,889	1,742	1,991	2,175	1,655
Primary nonferrous metals	1,979	1,381	1,941	3,384	1,359	880	1,163	1,879
Electrical machinery & equipment	3,189	4,421	5,859	6,544	2,210	2,845	3,535	3,655
Nonelectrical machinery	5,105	6,306	10,236	9,368	3,563	4,089	6,183	5,301
Motor vehicles & equipment	5,268	6,981	8,129	7,110	3,686	4,542	4,897	3,972
Other transportation equipment	1,864	2,911	3,817	4,201	1,295	1,858	2,246	2,292
Stone, clay & glass	1,943	2,311	2,367	2,043	1,356	1,495	1,449	1,174
Fabricated metals	1,104	1,625	1,846	1,571	768	1,055	1,125	877
Instruments & photo equipment	1,448	2,162	2,925	3,114	1,001	1,344	1,765	1,773
Other durable goods†	2,228	1,908	2,660	4,047	1,549	1,189	1,549	2,228
NONDURABLE GOODS	36,776	34,067	45,180	60,360	25,168	21,795	26,381	33,480
Food & beverages	4,966	4,898	6,640	6,603	3,441	3,165	3,938	3,691
Textiles	838	853	960	999	581	553	574	566
Paper & allied products	2,648	2,795	3,979	3,576	1,830	1,795	2,440	2,042
Chemicals & allied products	7,854	7,759	10,725	12,170	5,421	5,012	6,346	6,699
Petroleum & coal products	17,527	15,142	19,526	32,875	11,852	9,576	11,089	18,210
Rubber products	862	1,035	1,057	902	600	676	645	520
Other nondurable goods†	2,081	1,585	2,293	3,235	1,443	1,018	1,350	1,753
				—EXPENDITURES—				
ALL MANUFACTURING	52,498	58,356	73,126	88,209	36,189	37,374	43,290	49,135
ALL MFG. EX. PETROLEUM	38,148	43,861	56,250	65,981	26,466	28,224	33,694	36,822
DURABLE GOODS	22,120	26,414	35,230	41,056	15,379	16,973	21,173	22,972
Primary iron & steel	3,048	2,671	3,243	3,458	2,116	1,729	1,973	1,983
Primary nonferrous metals	1,416	1,433	1,685	2,411	978	911	1,005	1,328
Electrical machinery & equipment	3,064	3,668	4,918	6,271	2,120	2,356	2,965	3,491
Nonelectrical machinery	4,747	5,445	8,400	9,826	3,316	3,529	5,060	5,540
Motor vehicles & equipment	3,321	4,508	5,335	5,555	2,312	2,943	3,213	3,097
Other transportation equipment	1,361	2,051	2,908	4,039	948	1,309	1,710	2,182
Stone, clay & glass	1,275	1,944	2,407	2,289	889	1,256	1,472	1,311
Fabricated metals	935	1,237	1,614	1,568	652	804	982	879
Instruments & photo equipment	1,213	1,517	2,389	2,889	839	941	1,445	1,644
Other durable goods†	1,740	1,940	2,331	2,750	1,211	1,195	1,346	1,516
NONDURABLE GOODS	30,378	31,942	37,896	47,153	20,809	20,401	22,117	26,163
Food & beverages	3,882	4,217	5,037	6,014	2,687	2,725	2,989	3,357
Textiles	775	837	763	900	539	541	459	510
Paper & allied products	1,825	2,140	3,018	3,859	1,270	1,374	1,841	2,187
Chemicals & allied products	7,545	7,797	9,309	10,918	5,202	5,024	5,506	6,003
Petroleum & coal products	14,350	14,495	16,876	22,228	9,722	9,150	9,595	12,313
Rubber products	752	909	963	801	522	595	588	462
Other nondurable goods†	1,249	1,547	1,930	2,433	867	993	1,139	1,330

Each annual figure is the sum of not-seasonally-adjusted quarterly figures, and may not equal the sum of seasonaliy adjusted quarterly figures.

GENERAL NOTES

Data for 1981-II are revised; data for 1981-III are preliminary.

All estimates are based on a survey and are for the survey population, which is composed of the 1,000 largest manufacturing companies as ranked by total assets in 1979.

Historical data from 1953 available on request from the Business Conditions Analysis Department: (1) quarterly series seasonally adjusted; (2) quarterly series not seasonally adjusted; (3) annual series.

†Other durables includes lumber, furniture and fixtures, and miscellaneous manufactures; other nondurables includes tobacco, apparel, printing and publishing, and leather.

The Conference Board
Quarterly Survey of Capital Investment and Supply Conditions in Manufacturing

October 1981

The October Survey of Capital Investment and Supply Conditions found continued evidence of economic softness, echoing the findings of the July survey. There is considerable excess capacity among the large manufacturers, they are having no trouble acquiring their own supplies or supplying their customers, and their programs for capacity expansion are rather subdued.

The percentage of responding companies reporting "more than adequate" capacity dropped a bit in October to 37% after a jump from 33% in April to 40% in July (percentages weighted by company assets). Both the July increase and the October decline largely reflected changes in the petroleum industry. Excluding petroleum, the overall "more than adequate" percentage actually rose a bit from July to October. There were sizable increases in the percentages for the paper industry and for a number of durable goods industries, including steel, electrical equipment, fabricated metals, and nonauto transport equipment. In the motor vehicle industry, however, the excess capacity percentage dropped very sharply.

The degree of underutilization increased from July to October. Underutilization of 20% or more was reported in October by 56% of the companies with excess capacity, compared with 42% of such companies in July. A number of industries had big increases in the degree of underutilization, including nonferrous metals, nonelectrical machinery, stone-clay-glass, instruments, chemicals, petroleum and rubber. In the case of petroleum, what the data show is that the percentage of companies with excess capacity fell but the degree of underutilization among such companies rose.

Only a tiny handful of companies reported external supply shortages in October. Supply problems in 1979-80 (see Table 3) were largely in the petroleum industry. Companies were also having few problems in October in supplying their own customers. Only 18 companies reported a total of only 27 items on allocation. In the six-year history of this survey question, this was the lowest item count except for 23 in April 1977. The items on allocation this October were mostly products of the machinery, paper and steel (oil field equipment) industries.

The expansion plans of the big manufacturers are moderate. Only 71% say that current capital investment programs will lead to facilities expansion. This is up from the survey low of 67% in July, but still very modest. Industries in which less than half of responding companies (weighted by assets) are expanding include steel (42%), fabricated metals (35%) and motor vehicles (27%). The big companies found the availability of funds in capital markets to be about the same in October as in July, and they have slightly boosted their expectations of external funds use for investment programs in the first half of 1982 (to a 17.7% reliance on external funds, compared with 15.5% reported in the July survey).

L. S. Collins

TABLE 1. ADEQUACY OF CAPITAL FACILITIES

Percent Distribution of Responding Companies Weighted by Assets

	July 1979	Oct. 1979	Jan. 1980	Apr. 1980	July 1980	Oct. 1980	Jan. 1981	Apr. 1981	July 1981	Oct. 1981
					Inadequate					
All Manufacturing	20.4	16.1	14.2	13.7	12.4	12.4	10.5	10.5	9.3	10.1
Durable goods	25.0	17.0	16.4	17.9	15.9	16.7	13.9	16.1	13.2	14.9
Nondurable goods	15.6	15.0	12.1	9.7	9.0	8.6	7.2	6.1	5.7	5.7
					Sufficient					
All Manufacturing	68.4	64.0	69.1	64.6	56.3	57.0	55.0	56.6	50.5	52.8
Durable goods	63.4	59.8	60.8	53.8	46.2	44.0	45.4	49.7	52.1	52.4
Nondurable goods	73.7	68.9	77.0	74.9	66.3	68.4	64.4	62.0	49.1	53.2
					More Than Adequate					
All Manufacturing	11.1	19.9	16.7	21.7	31.2	30.6	34.5	32.9	40.2	37.1
Durable goods	11.5	23.2	22.8	28.3	37.8	39.3	40.7	34.2	34.7	32.7
Nondurable goods	10.7	16.1	10.9	15.4	24.7	22.9	28.4	31.9	45.3	41.1

TABLE 2. CHANGE IN CAPITAL FACILITIES EXPECTED FROM CURRENT SPENDING PROGRAMS

Percent Distribution of Responding Companies Weighted by Assets

	July 1979	Oct. 1979	Jan. 1980	Apr. 1980	July 1980	Oct. 1980	Jan. 1981	Apr. 1981	July 1981	Oct. 1981
Expansion										
All Manufacturing	79.2	78.4	75.7	75.6	77.3	77.4	71.4	71.1	66.8	71.4
Durable goods	78.1	77.4	75.9	76.0	73.3	74.0	60.8	66.4	62.1	60.9
Nondurable goods	80.3	79.5	75.6	75.3	81.3	80.4	81.9	74.7	71.1	80.8
No Change										
All Manufacturing	16.9	21.3	21.5	23.2	21.6	22.0	28.2	27.2	32.0	27.2
Durable goods	14.4	22.4	19.8	23.6	25.0	25.9	38.9	31.0	35.7	36.4
Nondurable goods	19.4	19.9	23.2	22.9	18.3	18.6	17.5	24.2	28.6	19.0
Reduction										
All Manufacturing	3.9	0.3	2.7	1.2	1.1	0.5	0.4	1.7	1.2	1.4
Durable goods	7.5	0.2	4.3	0.4	1.7	0.1	0.3	2.6	2.2	2.7
Nondurable goods	0.3	0.6	1.2	1.9	0.4	0.9	0.5	1.1	0.2	0.2

TABLE 3. EXTERNAL SUPPLY SHORTAGES

Percent of Companies (weighted by assets) Reporting Lowered Production Because of Shortages

	July 1979	Oct. 1979	Jan. 1980	Apr. 1980	July 1980	Oct. 1980	Jan. 1981	Apr. 1981	July 1981	Oct. 1981
Raw Materials										
All Manufacturing	11.1	7.0	9.7	4.5	3.7	2.3	2.6	0.4	0.4	0.1
Durable goods	1.4	0.4	0.9	0.2	0.6	0.3	0.7	0.3	0.2	0.1
Nondurable goods	21.2	14.8	18.3	8.7	6.7	4.0	4.6	0.5	0.6	0.0
Processed Goods										
All Manufacturing	0.3	1.4	1.3	1.5	0.2	0.5	0.1	0.2	0.1	0.1
Durable goods	0.6	2.4	1.7	2.9	0.3	1.0	0.2	0.5	0.3	0.2
Nondurable goods	0.0	0.2	1.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Both										
All Manufacturing	5.4	3.1	3.0	4.2	1.5	1.6	1.2	0.7	0.6	0.2
Durable goods	0.4	0.1	1.8	1.2	1.8	2.0	1.2	1.7	1.1	0.4
Nondurable goods	10.8	6.6	4.2	7.1	1.2	1.2	1.1	0.0	0.1	0.0

TABLE 4. ANTICIPATED SOURCES OF FUNDS FOR CAPITAL EXPENDITURES

Percent Distribution of Responding Companies Weighted by Assets

	1978		1979		1980		1981		1982
	First Half	Second Half	First Half	Second Half	First Half	Second Half	First Half	Second Half (r)	First Half (r)
					From Internal Sources				
All Manufacturing	85.0	88.7	89.2	88.6	83.7	83.2	84.3	83.6	82.3
Durable goods	89.8	91.1	89.7	87.9	77.8	83.7	82.4	83.9	82.4
Nondurable goods	79.1	86.0	88.6	89.5	89.2	82.8	85.7	83.4	82.2
					From External Sources				
All Manufacturing	15.0	11.3	10.8	11.4	16.3	16.8	15.7	16.4	17.7
Durable goods	10.2	8.9	10.3	12.1	22.2	16.3	17.6	16.1	17.6
Nondurable goods	20.9	14.0	11.4	10.5	10.8	17.2	14.3	16.6	17.8

TABLE 5. AVAILABILITY OF EXTERNAL CAPITAL FUNDS COMPARED WITH THREE MONTHS EARLIER

Percent Distribution of Responding Companies

	July 1979	Oct. 1979	Jan. 1980	Apr. 1980	July 1980	Oct. 1980	Jan. 1981	Apr. 1981	July 1981	Oct. 1981
					Easier					
All Manufacturing	4.4	2.2	4.5	1.3	26.9	6.8	5.4	6.7	3.1	6.0
Durable goods	5.5	2.1	3.0	1.0	26.6	7.4	6.3	7.6	2.5	5.1
Nondurable goods	3.3	2.2	6.0	1.6	27.1	6.0	4.4	5.8	3.7	7.0
					Same					
All Manufacturing	89.6	74.2	84.0	67.3	68.9	83.5	86.5	85.1	88.2	85.4
Durable goods	88.5	75.0	85.3	68.2	69.7	81.9	84.7	84.8	90.5	87.3
Nondurable goods	90.8	73.4	82.6	66.3	68.1	85.2	88.3	85.3	85.8	83.4
					Tighter					
All Manufacturing	6.0	23.7	11.5	31.4	4.3	9.7	8.1	8.2	8.7	8.6
Durable goods	6.0	22.9	11.7	30.8	3.7	10.6	8.9	7.6	7.0	7.6
Nondurable goods	6.0	24.5	11.4	32.1	4.8	8.8	7.2	8.9	10.5	9.6

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Capital Appropriations

Fourth Quarter 1981

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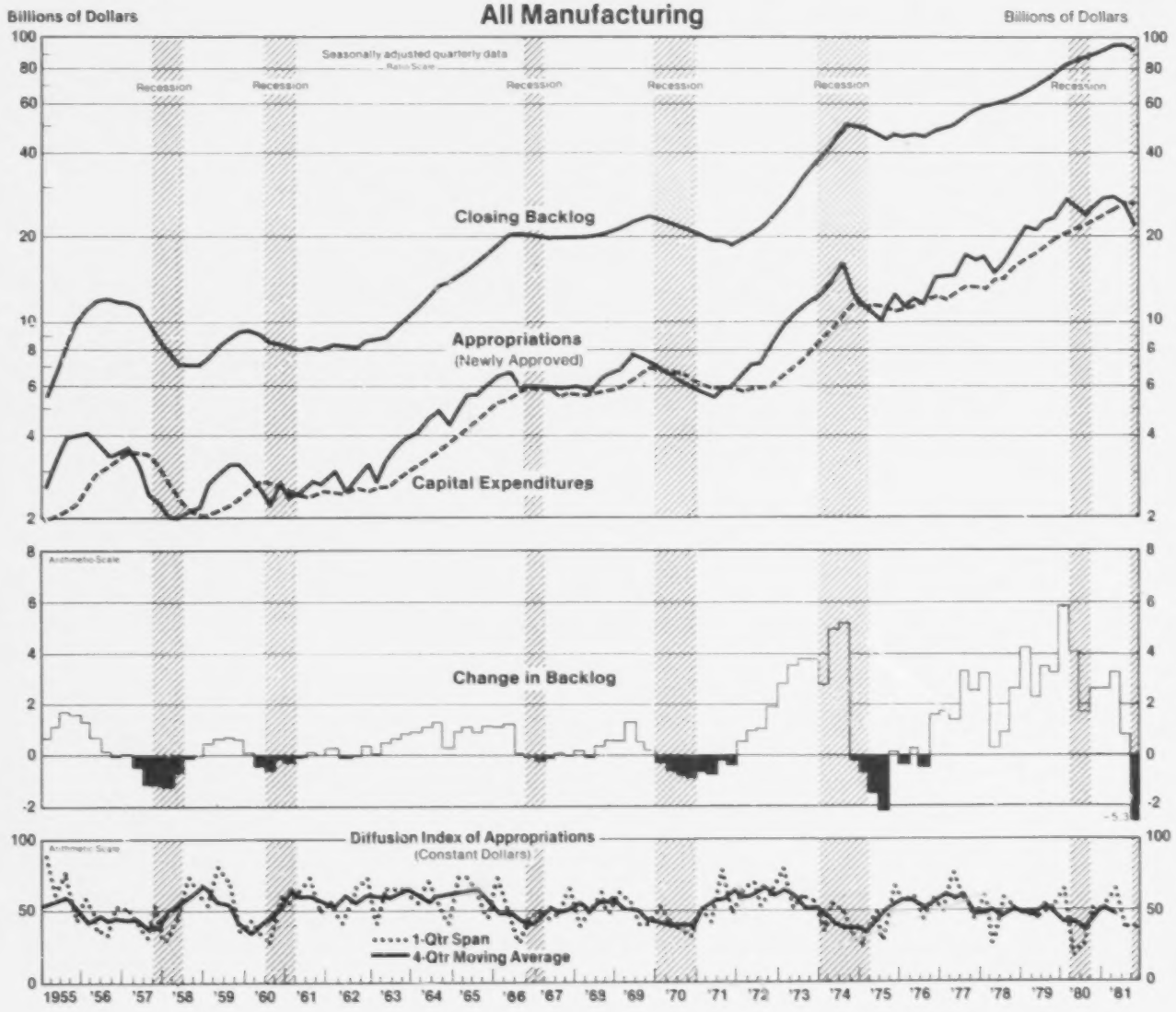
CAPITAL APPROPRIATIONS IN RECESSION AND EXPANSION



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The Conference Board

Quarterly Survey of Capital Appropriations

Fourth Quarter 1981

The recession-induced weakness of end-product markets put a damper on capital investment activity in the fourth quarter of 1981. *Capital appropriations by the nation's 1,000 largest manufacturers fell 14.7% in the quarter. This was the largest decline since the fourth quarter of 1974, when the economy was also in recession and total appropriations dropped 22.6%.* The decline associated with the 1980 recession was quite mild--just over 12%, spread over two calendar quarters. *The large manufacturers' capital spending edged up a mere 0.4% in the fourth quarter of 1981, the smallest gain in many years.* The fourth-quarter weakness in both appropriations and spending was widespread among manufacturing industries, but declines in the huge petroleum industry did contribute disproportionately to the overall softness; excluding petroleum, appropriations fell 12.3% and spending rose 1.2%.

The Year 1981 and Outlook for 1982

For the full year 1981, manufacturers' appropriations totaled $106.4 billion, up only 1.7% from 1980. The increases in 1980 and 1979 were 18.2% and 31.8%, respectively. Although the petroleum industry's fourth-quarter appropriations fell more than the average, petroleum appropriations for the full year 1981 were up 12.2%. Excluding petroleum, manufacturers' appropriations in 1981 fell 3.2%, compared with 1980 and 1979 gains of 4.0% and 32.6%, respectively. Thus, after a big surge in 1979, aggregate nonpetroleum appropriations showed little net change in 1980 and 1981. Indeed, in a number of industries, last year's appropriations were below those of 1979. This was the case in electrical machinery, motor vehicles, other transportation equipment, stone-clay-glass, fabricated metals, miscellaneous durables, food, and rubber (see Table 5). *The 1,000 largest companies' capital spending in 1981 totaled $102.2 billion, up 15.8% from 1980.* This was a large gain, but nonetheless smaller than the increases in 1980 and 1979. Moreover, it was significantly affected by the petroleum industry, where outlays soared 41.9% last year; excluding petroleum, the spending increase in 1981 was only 7.0%.

The big manufacturers' expectations for 1982 point to a fairly soft year in the petroleum industry, with appropriations unchanged from 1981 and spending up 10% (see Table 4). This conservative outlook for the petroleum companies is not surprising in view of the industry's enormous capital investment surge in the past several years, coupled with the slack condition of the world oil market. *Appropriations of the nonpetroleum companies are expected to rise a reasonably strong 15% in 1982, but their spending is expected to go up only 8%.* The expected 1982 rise in nonpetroleum appropriations will presumably have its major impact on spending after 1982; the relatively weak rise expected in nonpetroleum spending this year presumably reflects the lackluster showing of these industries' appropriations in 1981 and 1980. Any impact that the recent tax changes may have on manufacturers' capital investment would show up first in appropriations and only subsequently in spending. *In view of the current economic weakness and generally low rates of capacity utilization, the expected 1982 increase of 15% in nonpetroleum appropriations is in fact quite strong.* There is no way of knowing what the survey findings would have been in the absence of the tax changes, but the relatively strong findings for 1982 appropriations certainly suggest that the tax changes cannot be dismissed as ineffective.

Developments in the Fourth Quarter

The 1,000 largest manufacturers' new capital appropriations totaled $22.6 billion (seasonally adjusted) in the fourth quarter of 1981, down 14.7% from the third quarter. Appropriations fell in 11 of the 17 industries for which data are tabulated, the declines in most cases being quite sizable. In four of the six industries showing increases (nonferrous metals, nonelectrical machinery, paper, miscellaneous nondurables), the gain followed a large decline in the third quarter. The oil industry investment boom is tapering: There was a 20.1% drop in petroleum appropriations in the fourth quarter, which brought them down to a figure that was little more than half the level of the peak reached in the first quarter of 1981. Excluding petroleum, the big manufacturers' appropriations fell 12.3% in the fourth quarter. Nonpetroleum appropriations peaked in the first quarter of 1980 at $20.5 billion. They have declined in five of the seven quarters since then; at $16.1 billion in the fourth quarter of 1981, they were 21.6% below the peak.

The fourth-quarter drop in net appropriations was 22%, considerably steeper than the drop in gross new appropriations. This reflects a swing in the sum of cancellations and adjustments from a net addition of $0.8 billion to appropriations in the third quarter to a net cancellation of $1.3 billion in the fourth. The large positive adjustment in the third quarter was centered in the nonelectrical machinery industry, reflecting a change in the timing of some reported data. The large fourth-quarter cancellation was centered in petroleum, where cancellations reached a record $963 million. Although some of this amount reflects reclassification of data previously reported, at least two-thirds of it reflects actual project cancellations.

Capital spending declined in 10 of the 17 industries in the fourth quarter and rose in seven, for an overall rise of only 0.4%. The 1.3% drop in the petroleum industry's spending had a large impact on the total because that industry is so big. Excluding petroleum, spending rose 1.2%. There were big increases in a few industries—steel, nonferrous metals, nonelectrical machinery, rubber—and a mixture of small gains and moderate to large declines in other industries.

With net appropriations of $21.3 billion in the fourth quarter and spending of $26.6 billion, the backlog fell $5.3 billion or 5.4%. This was the first drop since 1976, although the rise in the third quarter had been a minimal 0.8%. The ratio of backlog to spending was 3.5 at the end of 1981, down from 4.0 a year earlier and a high of 4.7 in late 1974. This ratio suggests how many quarters the backlog would last if spent at the current quarterly rate. The high reached in 1974 followed an extraordinary 115% rise in the backlog over only seven quarters while spending rose 74%. By contrast, it took five years for the backlog to rise 112% to its level of September 1981 while spending rose 122%. In 1981, the backlog-spending ratio returned to the less-than-4.0 levels that prevailed before 1973.

Lora S. Collins

TABLE 1. PERCENT CHANGES IN CAPITAL APPROPRIATIONS AND EXPENDITURES

Seasonally Adjusted Data in Current and Constant (1972) Dollars

	Current Dollars				Constant Dollars			
	I-81 to II-81	II-81 to III-81	III-81 to IV-81	IV-80 to IV-81	I-81 to II-81	II-81 to III-81	III-81 to IV-81	IV-80 to IV-81
				—APPROPRIATIONS—				
ALL MANUFACTURING	2.5	— 6.8	—14.7	—13.5	1.8	— 8.1	—15.4	—20.3
ALL MFG. EX PETROLEUM	26.4	— 7.6	—12.3	— 5.8	23.0	— 9.1	—13.3	—12.2
DURABLE GOODS	23.2	— 1.5	—13.5	— 7.6	18.8	— 2.9	—14.2	—14.5
Primary iron & steel	72.3	— 1.3	—39.4	25.7	63.9	— 8.8	—35.8	15.5
Primary nonferrous metals	—28.5	—25.3	24.0	11.3	—30.5	—25.4	19.3	3.5
Electrical machinery & equipment	11.6	27.2	—36.2	—20.0	7.5	26.7	—36.6	—24.2
Nonelectrical machinery	34.2	—11.8	22.9	50.3	28.2	—10.0	19.0	36.0
Motor vehicles & equipment	13.9	55.4	—74.3	—81.1	10.6	56.0	—74.8	—82.9
Other transportation equipment	—20.5	— 1.2	13.1	28.7	—22.2	— 2.8	6.8	17.0
Stone, clay & glass	21.2	7.0	— 8.6	35.6	18.6	2.4	— 8.0	32.6
Fabricated metals	—27.0	44.7	31.4	12.7	—28.5	36.4	35.3	5.5
Instruments & photo equipment	110.7	—30.3	—16.2	29.0	102.0	—32.1	—16.1	18.6
Other durable goods†	— 9.9	—29.9	—28.6	—86.5	—13.2	—30.2	—27.1	—86.9
NONDURABLE GOODS	— 8.1	—10.5	—15.6	—17.7	— 7.6	—11.8	—16.3	—24.4
Food & beverages	6.6	—12.0	—21.1	—26.2	3.2	—13.5	—22.4	—30.7
Textiles	11.3	—13.9	—10.8	—28.9	6.4	—13.1	—12.3	—34.4
Paper & allied products	337.1	—55.1	44.1	125.2	336.7	—55.9	37.3	105.9
Chemicals & allied products	3.5	10.8	—22.4	—18.3	2.6	7.7	—23.2	—21.5
Petroleum & coal products	—28.4	— 5.1	—20.1	—28.0	—28.6	— 5.6	—20.3	—35.6
Rubber products	— 1.5	39.4	—15.5	32.0	— 3.8	40.0	—16.6	21.6
Other nondurable goods†	19.9	—40.6	6.0	29.7	13.4	—38.7	5.5	20.4
				—EXPENDITURES—				
ALL MANUFACTURING	1.3	8.3	0.4	16.8	— 0.9	7.0	— 0.7	7.3
ALL MFG. EX PETROLEUM	0.6	6.3	1.2	10.1	— 2.3	4.9	— 0.2	2.4
DURABLE GOODS	0.7	6.8	6.4	12.3	— 2.9	5.8	5.0	3.7
Primary iron & steel	7.4	2.5	19.0	36.0	2.2	— 5.3	26.0	24.9
Primary nonferrous metals	5.4	— 2.0	35.4	40.4	2.3	— 2.2	30.3	30.7
Electrical machinery & equipment	0.2	0.7	— 8.2	—18.4	— 3.5	0.2	— 8.8	—22.6
Nonelectrical machinery	— 1.5	— 2.9	35.7	30.9	— 5.9	— 0.9	31.4	18.5
Motor vehicles & equipment	— 0.1	35.1	— 7.9	27.0	— 3.0	35.6	— 9.9	15.1
Other transportation equipment	5.3	— 2.2	5.6	— 0.4	3.0	— 3.7	— 0.3	— 9.4
Stone, clay & glass	1.7	7.2	—17.1	—16.6	— 0.4	2.6	—16.5	—18.9
Fabricated metals	—13.4	15.5	— 4.9	— 3.9	—15.3	8.9	— 2.1	—10.0
Instruments & photo equipment	9.0	9.9	— 1.7	18.6	4.4	7.1	— 1.6	9.1
Other durable goods†	— 7.5	16.0	—33.6	—25.9	—10.9	15.6	—32.2	—28.4
NONDURABLE GOODS	1.8	9.3	— 3.9	20.7	0.6	8.0	— 4.8	10.4
Food & beverages	7.9	— 5.2	— 8.2	9.4	4.5	— 6.9	— 9.6	2.7
Textiles	4.0	— 1.6	7.9	13.8	— 0.6	— 0.6	6.0	5.3
Paper & allied products	3.8	—13.8	0.9	—12.8	3.8	—15.5	— 3.8	—20.2
Chemicals & allied products	— 3.7	13.1	— 7.6	5.9	— 4.5	10.0	— 8.6	1.6
Petroleum & coal products	2.9	12.9	— 1.3	35.0	2.8	12.2	— 1.6	20.6
Rubber products	5.6	— 1.1	28.3	35.6	3.1	— 0.7	26.8	24.0
Other nondurable goods†	— 7.4	37.0	—21.8	23.8	—12.4	41.4	—22.2	14.7

See General Notes on page 7.

TABLE 2. CAPITAL APPROPRIATIONS AND EXPENDITURES

Seasonally Adjusted Quarterly Data in Millions of Current and Constant (1972) Dollars

	Current Dollars				Constant (1972) Dollars			
	I-81	II-81	III-81	IV-81	I-81	II-81	III-81	IV-81
ALL MANUFACTURING								
Opening backlog	90,727	93,339	96,559	97,345	82,546	83,726	85,402	85,804
Newly approved	27,746	28,445	26,512	22,614	14,318	14,574	13,395	11,337
Canceled	946	719	—811	1,277	494	372	—415	626
Capital expenditure	24,188	24,506	26,537	26,640	12,643	12,527	13,409	13,322
Closing backlog	93,339	96,559	97,345	92,042	83,726	85,402	85,804	83,193
DURABLE GOODS								
Opening backlog	40,782	39,922	40,878	41,983	38,579	38,128	38,643	39,208
Newly approved	9,439	11,626	11,455	9,912	5,102	6,063	5,885	5,050
Canceled	24	322	—706	283	13	169	—373	146
Capital expenditure	10,275	10,348	11,056	11,767	5,541	5,380	5,692	5,979
Closing backlog	39,922	40,878	41,983	39,845	38,128	38,643	39,208	38,132
Primary iron & steel								
Opening backlog	3,795	4,050	4,697	5,478	5,352	5,494	5,837	6,219
Newly approved	962	1,658	1,637	992	536	879	801	514
Canceled	—45	203	28	1	—25	108	14	1
Capital expenditure	752	808	828	985	419	428	405	511
Closing backlog	4,050	4,697	5,478	5,484	5,494	5,837	6,219	6,222
Primary nonferrous metals								
Opening backlog	3,636	3,879	3,847	3,649	3,696	3,827	3,810	3,707
Newly approved	889	636	475	589	478	332	247	295
Canceled	—3	—16	3	18	—2	—8	2	9
Capital expenditure	649	684	670	907	349	357	349	455
Closing backlog	3,879	3,847	3,649	3,313	3,827	3,810	3,707	3,539
Electrical machinery & equipment								
Opening backlog	4,000	3,708	3,623	3,867	4,153	3,994	3,950	4,077
Newly approved	1,265	1,412	1,796	1,146	687	738	935	593
Canceled	35	—28	17	96	19	—15	9	50
Capital expenditure	1,522	1,525	1,535	1,409	826	797	799	729
Closing backlog	3,708	3,623	3,867	3,508	3,994	3,950	4,077	3,891
Nonelectrical machinery								
Opening backlog	6,462	6,444	7,104	8,439	5,864	5,854	6,194	6,895
Newly approved	2,590	3,475	3,066	3,767	1,395	1,788	1,610	1,915
Canceled	—95	153	—855	13	—51	79	—449	7
Capital expenditure	2,703	2,662	2,586	3,509	1,456	1,370	1,358	1,784
Closing backlog	6,444	7,104	8,439	8,684	5,854	6,194	6,895	7,019
Motor vehicles & equipment								
Opening backlog	11,485	10,780	10,169	9,552	8,927	8,558	8,248	7,934
Newly approved	746	850	1,321	340	390	431	673	169
Canceled	—3	8	—25	11	—2	4	—13	5
Capital expenditure	1,454	1,453	1,963	1,808	760	737	1,000	901
Closing backlog	10,780	10,169	9,552	8,073	8,558	8,248	7,934	7,197
Other transportation equipment								
Opening backlog	2,771	2,806	2,674	2,517	2,411	2,430	2,362	2,282
Newly approved	923	734	725	820	487	379	368	393
Canceled	55	—11	24	—5	29	—6	12	—2
Capital expenditure	833	877	858	906	439	452	436	434
Closing backlog	2,806	2,674	2,517	2,436	2,430	2,362	2,282	2,243
Stone, clay & glass								
Opening backlog	1,912	1,863	1,940	2,017	2,158	2,131	2,172	2,212
Newly approved	482	584	625	571	266	315	323	297
Canceled	64	32	39	71	35	17	20	37
Capital expenditure	467	475	509	422	257	256	263	219
Closing backlog	1,863	1,940	2,017	2,095	2,131	2,172	2,212	2,253
Fabricated metals								
Opening backlog	1,713	1,704	1,717	1,745	1,683	1,678	1,685	1,699
Newly approved	404	295	427	561	219	157	214	289
Canceled	26	—53	12	13	14	—28	6	7
Capital expenditure	387	335	387	368	210	178	194	190
Closing backlog	1,704	1,717	1,745	1,925	1,678	1,685	1,699	1,791

TABLE 2. CAPITAL APPROPRIATIONS AND EXPENDITURES (continued)

	Current Dollars				Constant (1972) Dollars			
	I-81	II-81	III-81	IV-81	I-81	II-81	III-81	IV-81
Instruments & photo equipment								
Opening backlog	1,673	1,591	2,299	2,400	1,515	1,470	1,844	1,896
Newly approved	763	1,608	1,121	939	421	850	577	484
Canceled	31	13	45	40	17	7	23	21
Capital expenditure	814	887	975	958	449	469	502	494
Closing backlog	1,591	2,299	2,400	2,341	1,470	1,844	1,896	1,866
Other durable goods†								
Opening backlog	3,335	3,097	2,808	2,319	2,821	2,692	2,541	2,287
Newly approved	415	374	262	187	225	195	136	99
Canceled	—41	21	6	25	—22	11	3	13
Capital expenditure	694	642	745	495	376	335	387	262
Closing backlog	3,097	2,808	2,319	1,986	2,692	2,541	2,287	2,111
NONDURABLE GOODS								
Opening backlog	49,945	53,417	55,681	55,362	43,966	45,599	46,760	46,596
Newly approved	18,307	16,819	15,057	12,702	9,216	8,511	7,511	6,288
Canceled	922	397	—105	994	482	203	—43	480
Capital expenditure	13,913	14,158	15,481	14,873	7,101	7,147	7,717	7,343
Closing backlog	53,417	55,681	55,362	52,197	45,599	46,760	46,596	45,061
Food & beverages								
Opening backlog	5,039	4,836	4,616	4,360	4,627	4,518	4,404	4,273
Newly approved	1,569	1,673	1,473	1,162	843	870	752	584
Canceled	85	73	4	70	46	38	2	35
Capital expenditure	1,687	1,820	1,725	1,584	906	947	881	796
Closing backlog	4,836	4,616	4,360	3,868	4,518	4,404	4,273	4,025
Textiles								
Opening backlog	806	826	898	899	834	845	882	882
Newly approved	291	324	279	249	158	168	146	128
Canceled	24	—5	25	36	13	—3	13	19
Capital expenditure	247	257	253	273	134	133	132	140
Closing backlog	826	898	899	839	845	882	882	852
Paper & allied products								
Opening backlog	3,818	3,336	4,358	4,323	3,764	3,501	4,058	4,040
Newly approved	461	2,015	905	1,304	252	1,099	484	665
Canceled	—45	—33	56	50	—25	—18	30	25
Capital expenditure	988	1,026	884	892	539	559	473	455
Closing backlog	3,336	4,358	4,323	4,685	3,501	4,058	4,040	4,224
Chemicals & allied products								
Opening backlog	9,819	9,417	9,480	9,637	9,529	9,315	9,348	9,429
Newly approved	2,935	3,038	3,365	2,610	1,568	1,610	1,733	1,331
Canceled	481	224	96	—123	257	119	49	—63
Capital expenditure	2,856	2,751	3,112	2,874	1,526	1,458	1,603	1,465
Closing backlog	9,417	9,480	9,637	9,496	9,315	9,348	9,429	9,357
Petroleum and coal products								
Opening backlog	26,562	31,167	32,251	32,366	21,788	24,032	24,560	24,615
Newly approved	12,070	8,637	8,200	6,553	5,883	4,202	3,967	3,161
Canceled	227	103	—324	963	111	50	—157	465
Capital expenditure	7,238	7,450	8,409	8,298	3,528	3,625	4,068	4,003
Closing backlog	31,167	32,251	32,366	29,658	24,032	24,560	24,615	23,309
Rubber products								
Opening backlog	956	868	883	959	1,066	1,019	1,027	1,067
Newly approved	206	203	283	239	110	106	149	124
Canceled	115	—1	20	—13	62	—1	10	—7
Capital expenditure	179	189	187	240	96	99	98	124
Closing backlog	868	883	959	971	1,019	1,027	1,067	1,073
Other nondurable goods†								
Opening backlog	2,945	2,967	3,195	2,818	2,358	2,369	2,481	2,290
Newly approved	775	929	552	585	402	456	280	295
Canceled	35	36	18	11	18	18	9	6
Capital expenditure	718	665	911	712	372	326	461	359
Closing backlog	2,967	3,195	2,818	2,680	2,369	2,481	2,290	2,221

See General Notes on page 7.

TABLE 3. PROPORTION OF APPROPRIATIONS FOR PLANT

Percent

	79-IV	80-I	80-II	80-III	80-IV	81-I	81-II	81-III	81-IV
ALL MANUFACTURING	21	23	21	23	19	21	20	19	18
DURABLE GOODS	17	19	22	23	15	19	21	19	18
Primary iron and steel	15	8	12	18	6	6	14	38	12
Primary nonferrous metals	24	25	24	26	24	20	20	16	24
Electrical machinery & equipment	16	22	20	24	19	16	19	16	13
Nonelectrical machinery	8	15	24	20	8	19	25	13	19
Motor vehicles & equipment	10	25	20	24	16	30	30	24	26
Other transportation equipment	34	22	38	41	32	27	24	25	39
Stone, clay & glass	12	7	7	5	28	10	7	19	11
Fabricated metals	18	16	21	25	16	16	13	30	14
Instruments & photo equipment	24	13	20	10	9	10	15	20	14
Other durable goods	19	45	20	21	17	17	20	17	4
NONDURABLE GOODS	25	28	18	22	24	23	17	18	19
Food & beverages	29	19	17	21	26	20	21	23	23
Textiles	17	15	21	10	12	16	22	14	15
Paper & allied products	12	13	16	17	11	14	3	6	18
Chemicals & allied products	26	23	23	30	29	22	14	20	18
Rubber products	10	12	8	8	6	21	19	13	12
Other nondurable goods	39	68	12	22	20	33	42	26	22

Based on data from those companies that report appropriations for plant and equipment separately. The composition of this group varies slightly from quarter to quarter. Petroleum industry is excluded. Historical data from 1959 available on request.

See also General Notes on page 7.

TABLE 4. PERCENT CHANGE IN CAPITAL APPROPRIATIONS AND EXPENDITURES: 1980 AND 1981 ACTUAL, 1982 EXPECTED*

	Appropriations			Expenditures		
	1980	1981	1982	1980	1981	1982
All Manufacturing	18	2	10	21	16	9
All Manufacturing except Petroleum	4	—3	15	17	7	8
Durable goods	2	—5	18	17	6	3
Nondurable goods	34	6	5	24	24	13
Petroleum	68	12	0	32	42	10
Other	7	—1	12	19	8	15

*Based on survey respondents' own expectations.

See also General Notes on page 7.

TABLE 5. CAPITAL APPROPRIATIONS AND EXPENDITURES, ANNUAL TOTALS
In Millions of Current and Constant (1972) Dollars

	Current Dollars				Constant (1972) Dollars			
	1978	1979	1980	1981	1978	1979	1980	1981
				—APPROPRIATIONS—				
ALL MANUFACTURING	67,156	88,519	104,631	106,379	43,085	52,469	58,285	
ALL MFG. EX. PETROLEUM	52,014	68,993	71,756	69,491	33,509	41,380	40,075	
DURABLE GOODS	33,089	43,339	44,271	42,173	21,290	26,088	24,805	
Primary iron & steel	3,083	3,559	2,889	5,230	1,991	2,175	1,655	
Primary nonferrous metals	1,381	1,941	3,384	2,708	880	1,163	1,879	
Electrical machinery & equipment	4,421	5,859	6,544	5,592	2,845	3,535	3,655	
Nonelectrical machinery	6,306	10,236	9,368	12,860	4,089	6,183	5,301	
Motor vehicles & equipment	6,981	8,129	7,110	3,065	4,542	4,897	3,972	
Other transportation equipment	2,911	3,817	4,201	3,288	1,858	2,246	2,292	
Stone, clay & glass	2,311	2,367	2,043	2,231	1,495	1,449	1,174	
Fabricated metals	1,625	1,846	1,571	1,701	1,055	1,125	877	
Instruments & photo equipment	2,162	2,925	3,114	4,282	1,344	1,765	1,773	
Other durable goods†	1,908	2,660	4,047	1,216	1,189	1,549	2,228	
NONDURABLE GOODS	34,067	45,180	60,360	64,206	21,795	26,381	33,480	
Food & beverages	4,898	6,640	6,603	5,847	3,165	3,938	3,691	
Textiles	853	960	999	1,146	553	574	566	
Paper & allied products	2,795	3,979	3,576	4,571	1,795	2,440	2,042	
Chemicals & allied products	7,759	10,725	12,170	11,943	5,012	6,346	6,699	
Petroleum & coal products	15,142	19,526	32,875	36,888	9,576	11,089	18,210	
Rubber products	1,035	1,057	902	909	676	645	520	
Other nondurable goods†	1,585	2,293	3,235	2,902	1,018	1,350	1,753	
				—EXPENDITURES—				
ALL MANUFACTURING	58,356	73,126	88,209	102,167	37,374	43,290	49,135	
ALL MFG. EX. PETROLEUM	43,861	56,250	65,981	70,615	28,224	38,694	36,822	
DURABLE GOODS	26,414	35,230	41,056	43,625	16,973	21,173	22,972	
Primary iron & steel	2,671	3,243	3,458	3,425	1,729	1,973	1,983	
Primary nonferrous metals	1,433	1,685	2,411	2,957	911	1,005	1,328	
Electrical machinery & equipment	3,668	4,918	6,271	5,956	2,356	2,965	3,491	
Nonelectrical machinery	5,445	8,400	9,826	11,551	3,529	5,060	5,540	
Motor vehicles & equipment	4,508	5,335	5,555	6,727	2,943	3,213	3,097	
Other transportation equipment	2,051	2,908	4,039	3,481	1,309	1,710	2,182	
Stone, clay & glass	1,944	2,407	2,289	1,863	1,256	1,472	1,311	
Fabricated metals	1,237	1,614	1,568	1,471	804	982	879	
Instruments & photo equipment	1,517	2,389	2,889	3,645	941	1,445	1,644	
Other durable goods†	1,940	2,331	2,750	2,549	1,195	1,346	1,516	
NONDURABLE GOODS	31,942	37,896	47,153	58,542	20,401	22,117	26,163	
Food & beverages	4,217	5,037	6,014	6,808	2,725	2,989	3,357	
Textiles	837	763	900	1,029	541	459	510	
Paper & allied products	2,140	3,018	3,859	3,771	1,374	1,841	2,187	
Chemicals & allied products	7,797	9,309	10,918	11,589	5,024	5,506	6,003	
Petroleum & coal products	14,495	16,876	22,228	31,552	9,150	9,595	12,313	
Rubber products	909	963	801	794	595	588	462	
Other nondurable goods†	1,547	1,930	2,433	2,999	993	1,139	1,330	

1981 constant-dollar data will be published later in 1982.

Each annual figure is the sum of not-seasonally-adjusted quarterly figures, and may not equal the sum of seasonally adjusted quarterly figures.

GENERAL NOTES

Data for 1981-III are revised; data for 1981-IV are preliminary. 1981 totals are preliminary.

All estimates are based on a survey and are for the survey population, which is composed of the 1,000 largest manufacturing companies as ranked by total assets in 1979.

Historical data from 1953 available on request from the Business Conditions Analysis Department: (1) quarterly series seasonally adjusted; (2) quarterly series not seasonally adjusted; (3) annual series.

†Other durables includes lumber, furniture and fixtures, and miscellaneous manufactures; other nondurables includes tobacco, apparel, printing and publishing, and leather.

The Conference Board

Quarterly Survey of Capital Investment and Supply Conditions in Manufacturing

January 1982

The January 1982 Survey of Capital Investment and Supply Conditions shows that excess capacity continues to afflict a rather large segment (almost 40%) of the 1,000 largest manufacturers, while the segment reporting too much demand for its existing capacity has dropped to a record low 8%. Moreover, only 64% of the surveyed manufacturers report that current investment programs will expand capacity. This is the lowest expansion percentage in the survey history, which dates back to 1965.

"More than adequate" capacity was reported in January by about two-fifths of the survey respondents (39%, weighted by assets, Table 1). The incidence of excess capacity has been in this high range since last July, and has been above 30% since July 1980. In 1975-76, there was a 16-month period when 29% to 42% of respondents had excess capacity. The average between 1976 and mid-1980 was 17%. Reports of excess capacity increased from October to January in 10 of the 17 industries, but the overall result was tempered by a decline in the excess percent in the huge petroleum industry.

Although the incidence of excess capacity remains high, the degree of underutilization has been edging down since last July. The proportion of all survey respondents who had more than 10% of their plant unused in January was 31%, down from 32% in October and 35% last July. The worst underutilization in January was reported by steel and nonferrous metals firms.

There was a sharp drop, from 71% in October to 64% in Janaury, in the percentage of firms planning to spend for expansion (Table 2). Eight industries, petroleum among them, contributed to the drop. Expansion is targeted by less than half of the auto, steel and nonferrous metals firms, but there are still five industries where expansion is planned by upwards of 80% of respondents.

Survey respondents expect to seek 18.8% of capital funds from outside sources in the first half of this year (Table 4). The rise from 17.7% estimated in October is due to revisions by nonferrous metals firms. Use of external funds has exceeded the current rate in only three earlier survey periods (all of 1970 and second half of 1974). An overall reduction in this figure to 16% is expected in the second half of 1982.

External supply shortages and allocation of finished products are both the minimum in the survey history. Only 5% of respondents (by assets) reported allocations in January; 12 of the 22 products were in machinery industries, and the four newly reported items were computer-related.

TABLE 1. ADEQUACY OF CAPITAL FACILITIES

Percent Distribution of Responding Companies Weighted by Assets

	Oct. 1979	Jan. 1980	Apr. 1980	July 1980	Oct. 1980	Jan. 1981	Apr. 1981	July 1981	Oct. 1981	Jan. 1982
					Inadequate					
All Manufacturing	16.1	14.2	13.7	12.4	12.4	10.5	10.5	9.3	10.1	8.3
Durable goods	17.0	16.4	17.9	15.9	16.7	13.9	16.1	13.2	14.9	13.0
Nondurable goods	15.0	12.1	9.7	9.0	8.6	7.2	6.1	5.7	5.7	4.3
					Sufficient					
All Manufacturing	64.0	69.1	64.6	56.3	57.0	55.0	56.6	50.5	52.8	52.8
Durable goods	59.8	60.8	53.8	46.2	44.0	45.4	49.7	52.1	52.4	50.8
Nondurable goods	68.9	77.0	74.9	66.3	68.4	64.4	62.0	49.1	53.2	54.5
					More Than Adequate					
All Manufacturing	19.9	16.7	21.7	31.2	30.6	34.5	32.9	40.2	37.1	38.9
Durable goods	23.2	22.8	28.3	37.8	39.3	40.7	34.2	34.7	32.7	36.2
Nondurable goods	16.1	10.9	15.4	24.7	22.9	28.4	31.9	45.3	41.1	41.2

TABLE 2. CHANGE IN CAPITAL FACILITIES EXPECTED FROM CURRENT SPENDING PROGRAMS

Percent Distribution of Responding Companies Weighted by Assets

	Oct. 1979	Jan. 1980	Apr. 1980	July 1980	Oct. 1980	Jan. 1981	Apr. 1981	July 1981	Oct. 1981	Jan. 1982
					Expansion					
All Manufacturing	78.4	75.7	75.6	77.3	77.4	71.4	71.1	66.8	71.4	63.9
Durable goods	77.4	75.9	76.0	73.3	74.0	60.8	66.4	62.1	60.9	59.0
Nondurable goods	79.5	75.6	75.3	81.3	80.4	81.9	74.7	71.1	80.8	68.0
					No Change					
All Manufacturing	21.3	21.5	23.2	21.6	22.0	28.2	27.2	32.0	27.2	34.6
Durable goods	22.4	19.8	23.6	25.0	25.9	38.9	31.0	35.7	36.4	38.5
Nondurable goods	19.9	23.2	22.9	18.7	18.6	17.5	24.2	28.6	19.0	31.4
					Reduction					
All Manufacturing	0.3	2.7	1.2	1.1	0.5	0.4	1.7	1.2	1.4	1.5
Durable goods	0.2	4.3	0.4	1.7	0.1	0.3	2.6	2.2	2.7	2.5
Nondurable goods	0.6	1.2	1.9	0.4	0.9	0.5	1.1	0.2	0.2	0.6

TABLE 3. EXTERNAL SUPPLY SHORTAGES

Percent of Companies (weighted by assets) Reporting Lowered Production Because of Shortages

	Oct. 1979	Jan. 1980	Apr. 1980	July 1980	Oct. 1980	Jan. 1981	Apr. 1981	July 1981	Oct. 1981	Jan. 1982
					Raw Materials					
All Manufacturing	7.0	9.7	4.5	3.7	2.3	2.6	0.4	0.4	0.1	0.1
Durable goods	0.4	0.9	0.2	0.6	0.3	0.7	0.3	0.2	0.1	0.1
Nondurable goods	14.8	18.3	8.7	6.7	4.0	4.6	0.5	0.6	0.0	0.0
					Processed Goods					
All Manufacturing	1.4	1.3	1.5	0.2	0.5	0.1	0.2	0.1	0.1	0.0
Durable goods	2.4	1.7	2.9	0.3	1.0	0.2	0.5	0.3	0.2	0.1
Nondurable goods	0.2	1.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
					Both					
All Manufacturing	3.1	3.0	4.2	1.5	1.6	1.2	0.7	0.6	0.2	0.0
Durable goods	0.1	1.8	1.2	1.8	2.0	1.2	1.7	1.1	0.4	0.0
Nondurable goods	6.6	4.2	7.1	1.2	1.2	1.1	0.0	0.1	0.0	0.0

TABLE 4. ANTICIPATED SOURCES OF FUNDS FOR CAPITAL EXPENDITURES

Percent Distribution of Responding Companies Weighted by Assets

	1978		1979		1980		1981		1982	
	First Half	Second Half	First Half	Second Half	First Half	Second Half	First Half	Second Half	First Half (r)	Second Half (p)
From Internal Sources										
All Manufacturing	85.0	88.7	89.2	88.6	83.7	83.2	84.3	83.6	81.2	84.0
Durable goods	89.8	91.1	89.7	87.9	77.8	83.7	82.4	83.9	79.4	82.4
Nondurable goods	79.1	86.0	88.6	89.5	89.2	82.8	85.7	83.4	82.6	85.3
From External Sources										
All Manufacturing	15.0	11.3	10.8	11.4	16.3	16.8	15.7	16.4	18.8	16.0
Durable goods	10.2	8.9	10.3	12.1	22.2	16.3	17.6	16.1	20.6	17.6
Nondurable goods	20.9	14.0	11.4	10.5	10.8	17.2	14.3	16.6	17.4	14.7

TABLE 5. AVAILABILITY OF EXTERNAL CAPITAL FUNDS COMPARED WITH THREE MONTHS EARLIER

Percent Distribution of Responding Companies

	Oct. 1979	Jan. 1980	Apr. 1980	July 1980	Oct. 1980	Jan. 1981	Apr. 1981	July 1981	Oct. 1981	Jan. 1982
Easier										
All Manufacturing	2.2	4.5	1.3	26.9	6.8	5.4	6.7	3.1	6.0	5.7
Durable goods	2.1	3.0	1.0	26.6	7.4	6.3	7.6	2.5	5.1	5.3
Nondurable goods	2.2	6.0	1.6	27.1	6.0	4.4	5.8	3.7	7.0	6.1
Same										
All Manufacturing	74.2	84.0	67.3	68.9	83.5	86.5	85.1	88.2	85.4	86.5
Durable goods	75.0	85.3	68.2	69.7	81.9	84.7	84.8	90.5	87.3	86.2
Nondurable goods	73.4	82.6	66.3	68.1	85.2	88.3	85.3	85.8	83.4	86.7
Tighter										
All Manufacturing	23.7	11.5	31.4	4.3	9.7	8.1	8.2	8.7	8.6	7.9
Durable goods	22.9	11.7	30.8	3.7	10.6	8.9	7.6	7.0	7.6	8.5
Nondurable goods	24.5	11.4	32.1	4.8	8.8	7.2	8.9	10.5	9.6	7.2

Please Note: In the interest of speeding the data contained in this publication to you, these series are now available on-line through The Conference Board Data Base. For more information, call Linette Stein at (212) 759-0900.

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Manufacturing Investment Statistics

Capital Appropriations

First Quarter 1982

and

Capital Investment and Supply Conditions

April 1982

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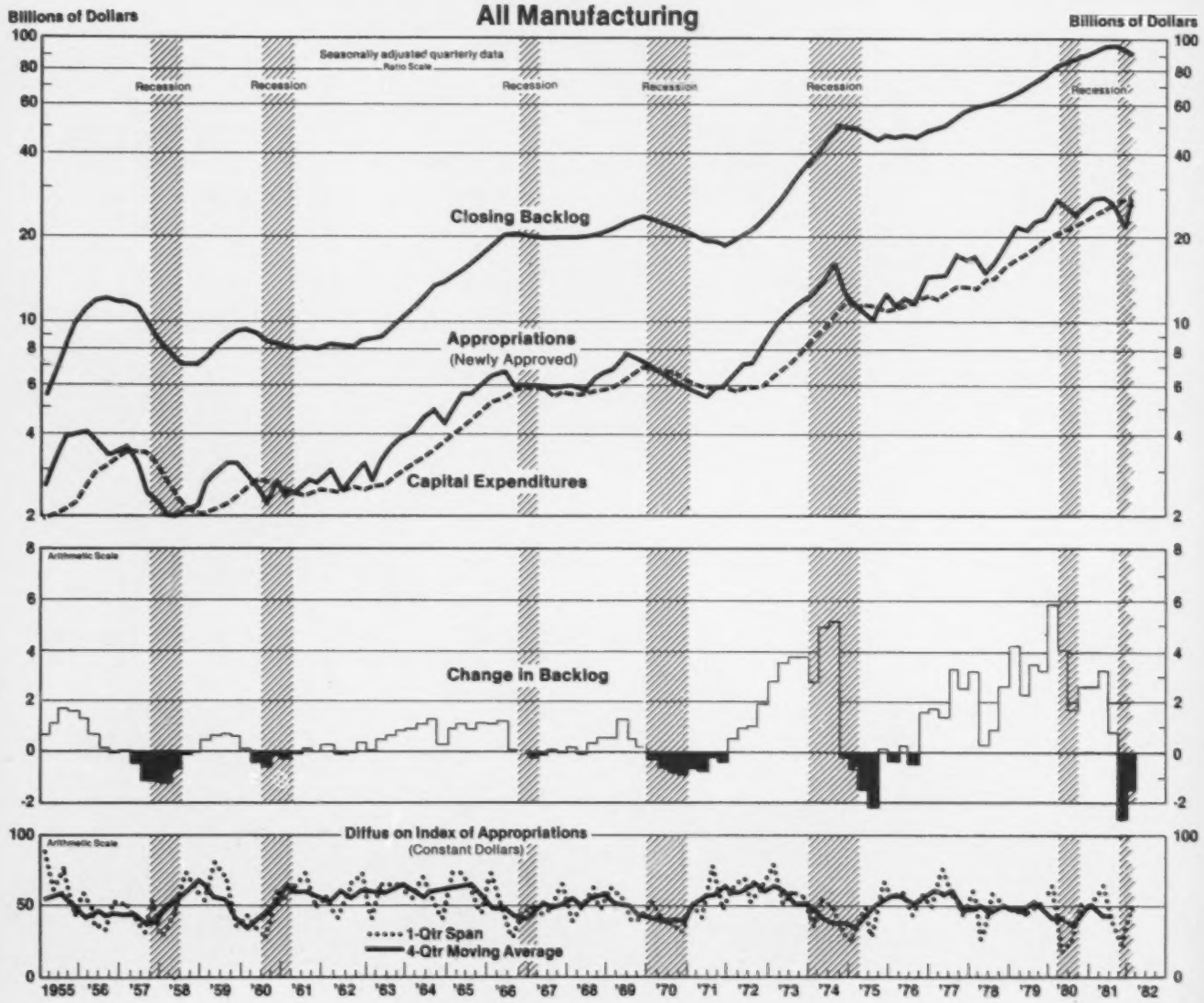

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Quarterly Survey of Capital Appropriations

First Quarter 1982

Capital appropriations by the nation's 1,000 largest manufacturers increased sharply in the first quarter of 1982. Total appropriations rose 21.0%, to $27.1 billion (seasonally adjusted). The increase was spurred by a very large rise (74%) in the petroleum industry; appropriations of other nondurables manufacturers increased 11%, while durables appropriations fell 9%.

The first-quarter percentage gain in appropriations was one of the largest on record, but not large enough to offset the declines posted in the two preceding quarters. Consequently, first-quarter appropriations were almost 5% below the record of $28.4 billion set in the second quarter of 1981.

Capital spending by the 1,000 largest manufacturers rose 6.8% in the first quarter, to $27.9 billion (seasonally adjusted). This advance was in line with the trend rate of spending increase in recent quarters.

Notwithstanding the relatively positive first-quarter results, the leading manufacturers have sharply reduced their expectations for full-year 1982 appropriations and spending. The latest survey found expectations that appropriations will drop 5% this year and that outlays will rise only 1%.

Developments in the First Quarter

The appropriations picture in the first quarter was mixed: Appropriations rose in four of the seven nondurables industries (including petroleum) and fell in six of the ten durables industries. Excluding the huge 74.3% rise in the petroleum industry, appropriations were down 1.1% for the quarter to $15.7 billion. This essential stability followed two quarters of sizable declines that had reduced nonpetroleum appropriations by 20% from their recent high of $19.8 billion registered in the second quarter of 1981. The all-time high for nonpetroleum appropriations was in the first quarter of 1980, at $20.5 billion; the figure for this year's first quarter was 23.5% below that record.

Although the first quarter rise in petroleum industry appropriations was enormous, it was not big enough to offset the declines registered in the three preceding quarters. The first-quarter figure was consequently 5% below the petroleum industry record posted in the first quarter of 1981. In all other manufacturing industries, except paper, appropriations in this year's first quarter were below the industry peak by much wider margins than 5%—generally, by 20% to 60%. Paper industry appropriations set a record in the first quarter.

Cancellations and adjustments of previously reported appropriations were $0.7 billion in the first quarter. This figure is in line with usual experience, and is less than half as large as the $1.5 billion in the fourth quarter. Appropriations net of cancellations and adjustments were $26.4 billion (seasonally adjusted) in the first quarter, up 26.2% from the fourth.

Capital outlays by the 1,000 largest companies rose 6.8% in the first quarter, to $27.9 billion (seasonally adjusted). Spending increased 4.0% in durables manufacturing, 2.9% in nondurables excluding petroleum, and 13.5% in petroleum. With spending running ahead of net new appropriations, the unspent backlog fell by $1.5 billion (1.6%) to $90.7 billion at March 31. The backlog had fallen by 5.3% in the fourth quarter, and at March 31 was 6.8% below the peak of $97.3 billion set last September 30. These two declines are the first since 1976. The ratio of backlog to spending edged down to 3.3 at March 31, from 3.5 at December 31. This ratio suggests how many quarters the backlog would last if it were spent at the current rate. It peaked at 4.7 in 1974, moved down to about 4.0 in 1976, and remained at about that level until 1981, when it moved back to the less-than-4.0 range where it had been prior to 1973.

Investment Prospects

The outlook for capital investment has weakened a good deal in the past few months. Appropriations in 1982 by the 1,000 largest manufacturers are expected to be 5% below the 1981 level, according to the latest survey; the prior survey, taken three months earlier, pointed to a 10% year-to-year rise in appropriations. Spending expectations were likewise trimmed, from a 9% rise projected by the prior survey to a mere 1% rise. The downgrading was broadly based. The current expectations imply that petroleum industry appropriations will decline sharply for the rest of the year although nonpetroleum appropriations will rise, while capital spending will shrink in all industries.

The cutback in the 1,000 largest manufacturers' 1982 expectations echoes the downgrading shown by other recent surveys of investment expectations. Last fall's McGraw Hill survey of manufacturers' capital spending expectations pointed to an 11½% rise in 1982; a March survey cut this to 8½%, and a May survey to only 3½%. Similarly, the survey taken by the Commerce Department's Bureau of Economic Analysis pointed in February to an 8% rise in manufacturers' spending this year, but in May it indicated a rise of less than 1%.

It currently appears that capital goods prices will be up about 5% this year from 1981, which implies that manufacturers' capital spending in real terms will drop by several percent. There are certainly plenty of reasons for such a decline: There has been essentially no economic growth for the past three years, and manufacturers' markets are consequently depressed and their capacity utilization is low; moreover, profits are weak, business liquidity is very strained, and real interest rates are very high. In the postwar era, recession related year-to-year declines in real capital spending have run to about 4% or 5% in the mild instances and to 15% to 25% in the sharp ones. In this context, the prospective 1982 decline is not very severe.

Lora S. Collins

TABLE 1. PERCENT CHANGES IN CAPITAL APPROPRIATIONS AND EXPENDITURES

Seasonally Adjusted Data in Current and Constant (1972) Dollars

	Current Dollars				Constant Dollars			
	II-81 to III-81	III-81 to IV-81	IV-81 to I-82	I-81 to I-82	II-81 to III-81	III-81 to IV-81	IV-81 to I-82	I-81 to I-82
				—APPROPRIATIONS—				
ALL MANUFACTURING	— 6.8	—15.5	21.0	— 2.2	— 8.1	—16.2	16.2	— 9.0
ALL MFG. EX PETROLEUM	— 7.6	—13.5	— 1.1	— 0.0	— 9.1	—14.4	0.0	— 4.3
DURABLE GOODS	— 1.5	—16.8	— 9.1	— 8.2	— 2.9	—17.4	— 8.7	—13.0
Primary iron & steel	— 1.3	—40.6	—29.1	—28.3	— 8.8	—37.1	—27.3	—31.5
*Primary nonferrous metals	—25.3	— 1.3	— 3.0	—48.8	—25.4	— 5.0	1.1	—50.2
Electrical machinery & equipment	27.2	—24.8	0.2	7.0	26.7	—25.4	—0.9	0.7
*Nonelectrical machinery	—11.8	12.9	—21.3	5.2	—10.0	9.4	—21.3	— 0.8
*Motor vehicles & equipment	55.4	—64.2	6.3	—32.6	56.0	—65.0	3.8	—37.2
Other transportation equipment	— 1.2	—16.3	66.2	9.3	— 2.8	—20.7	75.6	5.3
Stone, clay & glass	7.0	—31.4	—17.7	—26.8	2.4	—30.5	—16.4	—29.3
Fabricated metals	44.7	46.6	—52.1	—25.7	36.4	50.9	—51.8	—28.8
Instruments & photo equipment	—30.3	—17.0	— 1.7	19.8	—32.1	—17.0	— 1.1	12.6
Other durable goods†	—29.9	—17.9	68.4	—12.8	—30.2	—18.3	64.5	—18.7
NONDURABLE GOODS	—10.5	—14.5	43.4	0.8	—11.8	—15.4	35.2	— 6.7
Food & beverages	—12.0	—26.0	40.1	— 2.7	—13.5	—27.0	44.2	— 6.0
Textiles	—13.9	— 9.3	—19.8	—30.2	—13.1	—10.7	—19.2	—33.5
*Paper & allied products	—55.1	45.4	67.2	377.2	—55.9	38.9	73.3	362.7
Chemicals & allied products	10.8	—20.1	—16.3	—23.3	7.7	—21.4	—14.8	—25.9
Petroleum & coal products	— 5.1	—19.9	74.3	— 5.1	— 5.6	—20.6	57.6	—15.6
*Rubber products	39.4	—42.0	35.4	7.8	40.0	—42.8	24.1	— 3.6
*Other nondurable goods†	—40.6	44.2	—23.9	—21.8	—38.7	45.9	—25.7	—24.6
				—EXPENDITURES—				
ALL MANUFACTURING	8.3	— 1.7	6.8	15.2	7.0	— 2.9	3.9	7.0
ALL MFG. EX PETROLEUM	6.3	— 1.9	3.6	8.6	4.9	— 3.3	4.5	3.5
DURABLE GOODS	6.8	0.4	4.0	12.4	5.8	— 0.9	4.5	6.3
Primary iron & steel	2.5	16.9	17.0	50.7	— 5.3	23.8	20.0	43.7
*Primary nonferrous metals	— 2.0	—19.4	9.6	— 8.8	— 2.2	—22.4	14.2	—11.5
Electrical machinery & equipment	0.7	— 2.5	1.9	0.1	0.2	— 3.3	0.7	— 5.7
*Nonelectrical machinery	— 2.9	22.0	7.6	25.6	— 0.9	18.1	7.6	18.5
Motor vehicles & equipment	35.1	— 9.7	— 4.3	16.6	35.6	—11.7	— 6.6	8.6
Other transportation equipment	— 2.2	3.8	—19.2	—13.6	— 3.7	— 1.7	—14.6	—16.6
Stone, clay & glass	7.2	—13.4	— 3.2	— 8.6	2.6	—12.3	— 1.6	—11.7
Fabricated metals	15.5	4.9	12.3	17.8	8.9	8.0	13.1	12.9
Instruments & photo equipment	9.9	— 3.2	3.0	19.4	7.1	— 3.1	3.7	12.2
Other durable goods†	16.0	—34.8	29.8	— 9.1	15.6	—35.1	26.8	—15.2
NONDURABLE GOODS	9.3	— 3.1	8.8	17.2	8.0	— 4.3	3.4	7.5
Food & beverages	— 5.2	—11.5	5.0	— 5.0	— 6.9	—12.7	8.2	— 8.2
Textiles	— 1.6	12.3	—15.5	— 2.8	— 0.6	10.5	—14.9	— 6.7
*Paper & allied products	—13.8	2.3	— 2.7	—10.9	—15.5	— 2.3	0.9	—13.5
Chemicals & allied products	13.1	— 2.2	3.3	10.0	10.0	— 3.8	5.1	6.2
Petroleum & coal products	12.9	— 1.0	13.5	30.5	12.2	— 1.9	2.6	16.0
*Rubber products	— 1.1	18.2	—25.3	— 7.8	— 0.7	16.7	—31.5	—18.8
*Other nondurable goods†	37.0	—23.4	20.5	17.1	41.4	—22.5	17.6	13.2

See General Notes on page 7.

TABLE 2. CAPITAL APPROPRIATIONS AND EXPENDITURES

Seasonally Adjusted Quarterly Data in Millions of Current and Constant (1972) Dollars

	Current Dollars				Constant (1972) Dollars			
	II-81	III-81	IV-81	I-82	II-81	III-81	IV-81	I-82
ALL MANUFACTURING								
Opening backlog	93,339	96,559	97,345	92,163	83,726	85,402	85,804	83,269
Newly approved	28,445	26,512	22,411	27,125	14,574	13,395	11,220	13,034
Canceled	719	—811	1,497	734	372	—415	736	366
Capital expenditure	24,506	26,537	26,096	27,358	12,527	13,409	13,020	13,526
Closing backlog	96,559	97,345	92,163	90,696	85,402	85,804	83,269	82,412
DURABLE GOODS								
Opening backlog	39,922	40,878	41,983	39,910	38,128	38,643	39,208	38,171
Newly approved	11,626	11,455	9,535	8,664	6,063	5,885	4,862	4,438
Canceled	322	—706	508	480	169	—373	261	241
Capital expenditure	10,348	11,056	11,100	11,546	5,380	5,692	5,639	5,892
Closing backlog	40,878	41,983	39,910	36,548	38,643	39,208	38,171	36,476
Primary iron & steel								
Opening backlog	4,050	4,697	5,478	5,479	5,494	5,837	6,219	6,219
Newly approved	1,658	1,637	973	690	879	801	504	367
Canceled	203	28	4	7	108	14	2	4
Capital expenditure	808	828	968	1,133	428	405	502	602
Closing backlog	4,697	5,478	5,479	5,029	5,837	6,219	6,219	5,980
Primary nonferrous metals								
Opening backlog	3,879	3,847	3,649	3,622	3,827	3,810	3,707	3,693
*Newly approved	636	475	469	455	332	247	235	238
Canceled	—16	3	—44	—85	—8	2	—22	—44
*Capital expenditure	684	670	540	592	357	349	271	309
Closing backlog	3,847	3,649	3,622	3,570	3,810	3,707	3,693	3,666
Electrical machinery & equipment								
Opening backlog	3,708	3,623	3,867	3,556	3,994	3,950	4,077	3,917
Newly approved	1,412	1,796	1,350	1,353	738	935	698	692
Canceled	—28	17	165	44	—15	9	85	22
Capital expenditure	1,525	1,535	1,496	1,524	797	799	773	779
Closing backlog	3,623	3,867	3,556	3,341	3,950	4,077	3,917	3,807
Nonelectrical machinery								
Opening backlog	6,444	7,104	8,439	8,627	5,854	6,194	6,895	6,991
*Newly approved	3,475	3,066	3,463	2,725	1,788	1,610	1,760	1,384
Canceled	153	—855	120	125	79	—449	61	64
*Capital expenditure	2,662	2,586	3,155	3,395	1,370	1,358	1,604	1,725
Closing backlog	7,104	8,439	8,627	7,832	6,194	6,895	6,991	6,587
Motor vehicles & equipment								
Opening backlog	10,780	10,169	9,552	8,137	8,558	8,248	7,934	7,229
*Newly approved	850	1,321	473	503	431	673	236	245
*Canceled	8	—25	115	182	4	—13	57	89
Capital expenditure	1,453	1,963	1,773	1,696	737	1,000	883	825
Closing backlog	10,169	9,552	8,137	6,762	8,248	7,934	7,229	6,560
Other transportation equipment								
Opening backlog	2,806	2,674	2,517	2,238	2,430	2,362	2,282	2,147
Newly approved	734	725	607	1,009	379	368	292	513
Canceled	—11	24	—5	102	—6	12	—2	52
Capital expenditure	877	858	891	720	452	436	429	366
Closing backlog	2,674	2,517	2,238	2,425	2,362	2,282	2,147	2,242
Stone, clay & glass								
Opening backlog	1,863	1,940	2,017	1,928	2,131	2,172	2,212	2,166
Newly approved	584	625	429	353	315	323	224	188
Canceled	32	39	77	49	17	20	40	26
Capital expenditure	475	509	441	427	256	263	230	227
Closing backlog	1,940	2,017	1,928	1,805	2,172	2,212	2,166	2,100
Fabricated metals								
Opening backlog	1,704	1,717	1,745	1,955	1,678	1,685	1,699	1,807
Newly approved	295	427	626	300	157	214	323	156
Canceled	—53	12	10	33	—28	6	5	17
Capital expenditure	335	387	406	456	178	194	209	237
Closing backlog	1,717	1,745	1,955	1,766	1,685	1,699	1,807	1,709

TABLE 2. CAPITAL APPROPRIATIONS AND EXPENDITURES (continued)

	Current Dollars				Constant (1972) Dollars			
	II-81	III-81	IV-81	I-82	II-81	III-81	IV-81	I-82
Instruments & photo equipment								
Opening backlog	1,591	2,299	2,400	2,346	1,470	1,844	1,896	1,868
Newly approved	1,608	1,121	930	914	850	577	479	474
Canceled	13	45	40	51	7	23	21	26
Capital expenditure	887	975	944	972	469	502	487	504
Closing backlog	2,299	2,400	2,346	2,237	1,844	1,896	1,868	1,812
Other durable goods†								
Opening backlog	3,097	2,808	2,319	2,022	2,692	2,541	2,287	2,134
Newly approved	374	262	215	362	195	136	111	183
Canceled	21	6	26	—28	11	3	13	—14
Capital expenditure	642	745	486	631	335	387	251	319
Closing backlog	2,808	2,319	2,022	1,781	2,541	2,287	2,134	2,013
NONDURABLE GOODS								
Opening backlog	53,417	55,681	55,362	52,253	45,599	46,760	46,596	45,098
Newly approved	16,819	15,057	12,876	18,461	8,511	7,511	6,358	8,597
Canceled	397	—105	989	254	203	—43	475	124
Capital expenditure	14,158	15,481	14,996	16,312	7,147	7,717	7,381	7,634
Closing backlog	55,681	55,362	52,253	54,148	46,760	46,596	45,098	45,936
Food & beverages								
Opening backlog	4,836	4,616	4,360	3,793	4,518	4,404	4,273	3,987
Newly approved	1,673	1,473	1,090	1,527	870	752	549	792
Canceled	73	4	131	98	38	2	66	51
Capital expenditure	1,820	1,725	1,526	1,603	947	881	769	832
Closing backlog	4,616	4,360	3,793	3,619	4,404	4,273	3,987	3,897
Textiles								
Opening backlog	826	898	899	840	845	882	882	852
Newly approved	324	279	253	203	168	146	130	105
Canceled	—5	25	28	16	—3	13	14	8
Capital expenditure	257	253	284	240	133	132	146	125
Closing backlog	898	899	840	787	882	882	852	825
Paper & allied products								
Opening backlog	3,336	4,358	4,323	4,741	3,501	4,058	4,040	4,254
*Newly approved	2,015	905	1,316	2,200	1,099	484	673	1,166
Canceled	—33	56	—6	—56	—18	30	—3	—30
*Capital expenditure	1,026	884	904	880	559	473	462	466
Closing backlog	4,358	4,323	4,741	6,117	4,058	4,040	4,254	4,983
Chemicals & allied products								
Opening backlog	9,417	9,480	9,637	9,420	9,315	9,348	9,429	9,319
Newly approved	3,038	3,365	2,689	2,252	1,610	1,733	1,363	1,162
Canceled	224	96	—136	79	119	49	—69	41
Capital expenditure	2,751	3,112	3,042	3,141	1,458	1,603	1,542	1,620
Closing backlog	9,480	9,637	9,420	8,452	9,348	9,429	9,319	8,820
Petroleum and coal products								
Opening backlog	31,167	32,251	32,366	29,650	24,032	24,560	24,615	23,313
Newly approved	8,637	8,200	6,568	11,451	4,202	3,967	3,149	4,963
Canceled	103	—324	963	59	50	—157	462	26
Capital expenditure	7,450	8,409	8,321	9,442	3,625	4,068	3,990	4,092
Closing backlog	32,251	32,366	29,650	31,600	24,560	24,615	23,313	24,158
Rubber products								
Opening backlog	868	883	959	896	1,019	1,027	1,067	1,033
*Newly approved	203	283	164	222	106	149	85	106
Canceled	—1	20	6	14	—1	10	3	7
*Capital expenditure	189	187	221	165	99	98	115	78
Closing backlog	883	959	896	939	1,027	1,067	1,033	1,054
Other nondurable goods†								
Opening backlog	2,967	3,195	2,818	2,913	2,369	2,481	2,290	2,339
*Newly approved	929	552	796	606	456	280	408	303
Canceled	36	18	3	44	18	9	2	22
*Capital expenditure	665	911	698	841	326	461	358	421
Closing backlog	3,195	2,818	2,913	2,634	2,481	2,290	2,339	2,200

See General Notes on page 7.

TABLE 3. PROPORTION OF APPROPRIATIONS FOR PLANT

Percent

	80-I	80-II	80-III	80-IV	81-I	81-II	81-III	81-IV	82-I
ALL MANUFACTURING	23	21	23	19	21	20	19	18	20
DURABLE GOODS	19	22	23	15	19	21	19	18	20
Primary iron and steel	8	12	18	6	6	14	38	12	8
Primary nonferrous metals	25	24	26	24	20	20	16	24	14
Electrical machinery & equipment	22	20	24	19	16	19	16	13	21
Nonelectrical machinery	15	24	20	8	19	25	13	19	23
Motor vehicles & equipment	25	20	24	16	30	30	24	26	37
Other transportation equipment	22	38	41	32	27	24	25	38	23
Stone, clay & glass	7	7	5	28	10	7	19	9	8
Fabricated metals	16	21	25	16	16	13	30	14	16
Instruments & photo equipment	13	20	10	9	10	15	20	14	16
Other durable goods	45	20	21	17	17	20	17	13	25
NONDURABLE GOODS	28	18	22	24	23	17	18	19	18
Food & beverages	19	17	21	26	20	21	23	22	16
Textiles	15	21	10	12	16	22	14	14	16
Paper & allied products	13	16	17	11	14	3	6	17	9
Chemicals & allied products	23	23	30	29	22	14	20	20	18
Rubber products	12	8	8	6	21	19	13	12	44
Other nondurable goods	68	12	22	20	33	42	26	16	28

Based on data from those companies that report appropriations for plant and equipment separately. The composition of this group varies slightly from quarter to quarter. Petroleum industry is excluded. Historical data from 1959 available on request.

See also General Notes on page 7.

TABLE 4. PERCENT CHANGE IN CAPITAL APPROPRIATIONS AND EXPENDITURES: 1980 AND 1981 ACTUAL, 1982 EXPECTED*

	Appropriations			Expenditures		
	1980	1981	1982	1980	1981	1982
All Manufacturing	18	2	—5	21	15	1
All Manufacturing except Petroleum	4	—2	—4	17	6	—4
Durable goods	2	—5	—4	17	4	—9
Nondurable goods	34	7	—5	24	24	9
Petroleum	68	12	—6	32	42	12
Other	7	2	—4	19	8	6

*Based on survey respondents' own expectations.

See also General Notes on page 7.

TABLE 5. CAPITAL APPROPRIATIONS AND EXPENDITURES, ANNUAL TOTALS
In Millions of Current and Constant (1972) Dollars

	Current Dollars				Constant (1972) Dollars			
	1978	1979	1980	1981	1978	1979	1980	1981
				—APPROPRIATIONS—				
ALL MANUFACTURING	67,156	88,519	104,631	106,956	43,085	52,469	58,285	
ALL MFG. EX. PETROLEUM	52,014	68,993	71,756	70,052	33,509	41,380	40,075	
DURABLE GOODS	33,089	43,339	44,271	42,146	21,290	26,088	24,805	
Primary iron & steel	3,083	3,559	2,889	5,210	1,991	2,175	1,655	
Primary nonferrous metals	1,381	1,941	3,384	2,482	880	1,163	1,879	
Electrical machinery & equipment	4,421	5,859	6,544	5,787	2,845	3,535	3,655	
Nonelectrical machinery	6,306	10,236	9,368	12,700	4,089	6,183	5,301	
Motor vehicles & equipment	6,981	8,129	7,110	3,489	4,542	4,897	3,972	
Other transportation equipment	2,911	3,817	4,201	3,099	1,858	2,246	2,292	
Stone, clay & glass	2,311	2,367	2,043	2,094	1,495	1,449	1,174	
Fabricated metals	1,625	1,846	1,571	1,765	1,055	1,125	877	
Instruments & photo equipment	2,162	2,925	3,114	4,273	1,344	1,765	1,773	
Other durable goods†	1,908	2,660	4,047	1,247	1,189	1,549	2,228	
NONDURABLE GOODS	34,067	45,180	60,360	64,810	21,795	26,381	33,480	
Food & beverages	4,898	6,640	6,603	5,772	3,165	3,938	3,691	
Textiles	853	960	999	1,150	553	574	566	
Paper & allied products	2,795	3,979	3,576	5,010	1,795	2,440	2,042	
Chemicals & allied products	7,759	10,725	12,170	12,019	5,012	6,346	6,699	
Petroleum & coal products	15,142	19,526	32,875	36,904	9,576	11,089	18,210	
Rubber products	1,035	1,057	902	813	676	645	520	
Other nondurable goods†	1,585	2,293	3,235	3,142	1,018	1,350	1,753	
				—EXPENDITURES—				
ALL MANUFACTURING	58,356	73,126	88,209	101,341	37,374	43,290	49,135	
ALL MFG. EX. PETROLEUM	43,861	56,250	65,981	69,763	28,224	38,694	36,822	
DURABLE GOODS	26,414	35,230	41,056	42,871	16,973	21,173	22,972	
Primary iron & steel	2,671	3,243	3,458	3,405	1,729	1,973	1,983	
Primary nonferrous metals	1,433	1,685	2,411	2,386	911	1,005	1,328	
Electrical machinery & equipment	3,668	4,918	6,271	6,069	2,356	2,965	3,491	
Nonelectrical machinery	5,445	8,400	9,826	11,289	3,529	5,060	5,540	
Motor vehicles & equipment	4,508	5,335	5,555	6,688	2,943	3,213	3,097	
Other transportation equipment	2,051	2,908	4,039	3,464	1,309	1,710	2,182	
Stone, clay & glass	1,944	2,407	2,289	1,886	1,256	1,472	1,311	
Fabricated metals	1,237	1,614	1,568	1,515	804	982	879	
Instruments & photo equipment	1,517	2,389	2,889	3,629	941	1,445	1,644	
Other durable goods†	1,940	2,331	2,750	2,540	1,195	1,346	1,516	
NONDURABLE GOODS	31,942	37,896	47,153	58,470	20,401	22,117	26,163	
Food & beverages	4,217	5,037	6,014	6,744	2,725	2,989	3,357	
Textiles	837	763	900	1,039	541	459	510	
Paper & allied products	2,140	3,018	3,859	3,746	1,374	1,841	2,187	
Chemicals & allied products	7,797	9,309	10,918	11,785	5,024	5,506	6,003	
Petroleum & coal products	14,495	16,876	22,228	31,578	9,150	9,595	12,313	
Rubber products	909	963	801	749	595	588	462	
Other nondurable goods†	1,547	1,930	2,433	2,829	993	1,139	1,330	

1981 constant-dollar data will be published later in 1982.

Each annual figure is the sum of not-seasonally-adjusted quarterly figures, and may not equal the sum of seasonally adjusted quarterly figures.

GENERAL NOTES

Data for 1981-IV are revised; data for 1982-I are preliminary. 1981 totals are revised.

*Fourth-quarter 1981 data revisions in six industries have created discontinuities with the first three quarters. Therefore comparisons between IV-81 and I-82 are realistic while earlier 1981 comparisons may not be, for the series starred in Tables 1 and 2. Revisions of the earlier data will be published with the next quarterly report, when 1981 seasonal adjustment will also be revised.

All estimates are based on a survey and are for the survey population, which is composed of the 1,000 largest manufacturing companies as ranked by total assets in 1979.

Historical data from 1953 available on request from the Business Conditions Analysis Department: (1) quarterly series seasonally adjusted; (2) quarterly series not seasonally adjusted; (3) annual series.

†Other durables includes lumber, furniture and fixtures, and miscellaneous manufactures; other nondurables includes tobacco, apparel, printing and publishing, and leather.

The Conference Board

Quarterly Survey of Capital Investment and Supply Conditions in Manufacturing

April 1982

In April, large manufacturers responding to the Quarterly Survey of Capital Investment and Supply Conditions reported the most excess capacity, the least expansionary capital programs, and the fewest shortages and production bottlenecks in the 17-year history of the survey. Their anticipated use of external funds for capital investment in the second half of 1982, though not at a record level, rose slightly from the January report even though most of the respondents (90%) reported no rise in funds availability.

Except during the 1974-75 recession, at least half of the survey respondents since 1965 have reported their existing plant and equipment "sufficient" to meet current product demand. This April, for the first time in some six years, less than half of the respondents (46% weighted by assets, Table 1) reported "sufficient" capacity while another 46% (a record) reported "more than adequate" facilities. "Inadequate" capacity is reported by a mere 8% of the sample (unchanged from three months ago), and there are only two industries (aerospace and other nonautomotive transport equipment, and nonelectrical machinery) where more than 25% of the asset base finds capacity trailing demand. In 1974-75, although the "sufficient" response was below 50%, the "more than adequate" figure was lower than it is currently and the "inadequate" figure was higher (ranging from 58% to 15%).

Excess capacity is widespread. Petroleum, which has a major impact on the total, and 14 other industries reported more excess capacity in April than in January. The depth of underutilization increased in April to more than 20% for one-third of all the firms in the survey (by assets)—most heavily in primary metals and petroleum. More than 10% underutilization was reported by 41% of all the firms—up from 31% in January, 35% last July, and 32% at the height of reported excess capacity some six years ago.

Spending programs keyed to expansion of capacity were reported by a record-low 55% of respondents (Table 2). Excluding petroleum this reponse was 63%, down from 67% in January. In April, the most expansion-oriented industries were paper, chemicals, electrical machinery and instruments. Reduction of facilities (capacity additions less than retirements) was planned by a few more firms in April than in January. Twelve industries show some curtailment, particularly steel, nonelectrical machinery, and food. The overall 3.1% of respondents reporting intentions to reduce capacity was exceeded only in July 1979 (3.9%).

With production pressures at a minimum, some change in national priorities might be inferred from the two products newly reported on allocation in April: disposable diapers and die-cast toy products.

M. Nichols

TABLE 1. ADEQUACY OF CAPITAL FACILITIES

Percent Distribution of Responding Companies Weighted by Assets

	Jan. 1980	Apr. 1980	July 1980	Oct. 1980	Jan. 1981	Apr. 1981	July 1981	Oct. 1981	Jan. 1982	Apr. 1982
					Inadequate					
All Manufacturing	14.2	13.7	12.4	12.4	10.5	10.5	9.3	10.1	8.3	8.4
Durable goods	16.4	17.9	15.9	16.7	13.9	16.1	13.2	14.9	13.0	11.4
Nondurable goods	12.1	9.7	9.0	8.6	7.2	6.1	5.7	5.7	4.3	5.9
					Sufficient					
All Manufacturing	69.1	64.6	56.3	57.0	55.0	56.6	50.5	52.8	52.8	45.7
Durable goods	60.8	53.8	46.2	44.0	45.4	49.7	52.1	52.4	50.8	47.6
Nondurable goods	77.0	74.9	66.3	68.4	64.4	62.0	49.1	53.2	54.5	44.1
					More Than Adequate					
All Manufacturing	16.7	21.7	31.2	30.6	34.5	32.9	40.2	37.1	38.9	45.9
Durable goods	22.8	28.3	37.8	39.3	40.7	34.2	34.7	32.7	36.2	41.0
Nondurable goods	10.9	15.4	24.7	22.9	28.4	31.9	45.3	41.1	41.2	50.1

TABLE 2. CHANGE IN CAPITAL FACILITIES EXPECTED FROM CURRENT SPENDING PROGRAMS

Percent Distribution of Responding Companies Weighted by Assets

	Jan. 1980	Apr. 1980	July 1980	Oct. 1980	Jan. 1981	Apr. 1981	July 1981	Oct. 1981	Jan. 1982	Apr. 1982
Expansion										
All Manufacturing	75.7	75.6	77.3	77.4	71.4	71.1	66.8	71.4	63.9	55.0
Durable goods	75.9	76.0	73.3	74.0	60.8	66.4	62.1	60.9	59.0	55.7
Nondurable goods	75.6	75.3	81.3	80.4	81.9	74.7	71.1	80.8	68.0	54.3
No Change										
All Manufacturing	21.5	23.2	21.6	22.0	28.2	27.2	32.0	27.2	34.6	41.9
Durable goods	19.8	23.6	25.0	25.9	38.9	31.0	35.7	36.4	38.5	38.7
Nondurable goods	23.2	22.9	18.3	18.6	17.5	24.2	28.6	19.0	31.4	44.8
Reduction										
All Manufacturing	2.7	1.2	1.1	0.5	0.4	1.7	1.2	1.4	1.5	3.1
Durable goods	4.3	0.4	1.7	0.1	0.3	2.6	2.2	2.7	2.5	5.6
Nondurable goods	1.2	1.9	0.4	0.9	0.5	1.1	0.2	0.2	0.6	0.9

TABLE 3. EXTERNAL SUPPLY SHORTAGES

Percent of Companies (weighted by assets) Reporting Lowered Production Because of Shortages

	Jan. 1980	Apr. 1980	July 1980	Oct. 1980	Jan. 1981	Apr. 1981	July 1981	Oct. 1981 (r)	Jan. 1982 (r)	Apr. 1982
Raw Materials										
All Manufacturing	9.7	4.5	3.7	2.3	2.6	0.4	0.4	0.2	0.1	0.0
Durable goods	0.9	0.2	0.6	0.3	0.7	0.3	0.2	0.3	0.3	0.0
Nondurable goods	18.3	8.7	6.7	4.0	4.6	0.5	0.6	0.0	0.0	0.1
Processed Goods										
All Manufacturing	1.3	1.5	0.2	0.5	0.1	0.2	0.1	0.2	0.1	0.1
Durable goods	1.7	2.9	0.3	1.0	0.2	0.5	0.3	0.4	0.2	0.3
Nondurable goods	1.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Both										
All Manufacturing	3.0	4.2	1.5	1.6	1.2	0.7	0.6	0.3	0.0	0.0
Durable goods	1.8	1.2	1.8	2.0	1.2	1.7	1.1	0.7	0.0	0.0
Nondurable goods	4.2	7.1	1.2	1.2	1.1	0.0	0.1	0.0	0.0	0.0

TABLE 4. ANTICIPATED SOURCES OF FUNDS FOR CAPITAL EXPENDITURES

Percent Distribution of Responding Companies Weighted by Assets

	1978		1979		1980		1981		1982	
	First Half	Second Half	First Half	Second Half	First Half	Second Half	First Half	Second Half	First Half (r-4)	Second Half (r-1)
					From Internal Sources					
All Manufacturing	85.0	88.7	89.2	88.6	83.7	83.2	84.3	83.6	81.3	82.2
Durable goods	89.8	91.1	89.7	87.9	77.8	83.7	82.4	83.9	79.7	80.5
Nondurable goods	79.1	86.0	88.6	89.5	89.2	82.8	85.7	83.4	82.6	83.7
					From External Sources					
All Manufacturing	15.0	11.3	10.8	11.4	16.3	16.8	15.7	16.4	18.7	17.8
Durable goods	10.2	8.9	10.3	12.1	22.2	16.3	17.6	16.1	20.3	19.5
Nondurable goods	20.9	14.0	11.4	10.5	10.8	17.2	14.3	16.6	17.4	16.3

TABLE 5. AVAILABILITY OF EXTERNAL CAPITAL FUNDS COMPARED WITH THREE MONTHS EARLIER

Percent Distribution of Responding Companies

	Jan. 1980	Apr. 1980	July 1980	Oct. 1980	Jan. 1981	Apr. 1981	July 1981	Oct. 1981	Jan. 1982	Apr. 1982
					Easier					
All Manufacturing	4.5	1.3	26.9	6.8	5.4	6.7	3.1	6.0	5.7	4.6
Durable goods	3.0	1.0	26.6	7.4	6.3	7.6	2.5	5.1	5.3	5.4
Nondurable goods	6.0	1.6	27.1	6.0	4.4	5.8	3.7	7.0	6.1	3.7
					Same					
All Manufacturing	84.0	67.3	68.9	83.5	86.5	85.1	88.2	85.4	86.5	89.9
Durable goods	85.3	68.2	69.7	81.9	84.7	84.8	90.5	87.3	86.2	89.2
Nondurable goods	82.6	66.3	68.1	85.2	88.3	85.3	85.8	83.4	86.7	90.6
					Tighter					
All Manufacturing	11.5	31.4	4.3	9.7	8.1	8.2	8.7	8.6	7.9	5.6
Durable goods	11.7	30.8	3.7	10.6	8.9	7.6	7.0	7.6	8.5	5.4
Nondurable goods	11.4	32.1	4.8	8.8	7.2	8.9	10.5	9.6	7.2	5.8

Please Note: In the interest of speeding the data contained in this publication to you, these series are now available on-line through The Conference Board Data Base. For more information, call Linette Stein at (212) 759-0900.

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Capital Appropriations

Second Quarter 1982

and

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July 1982

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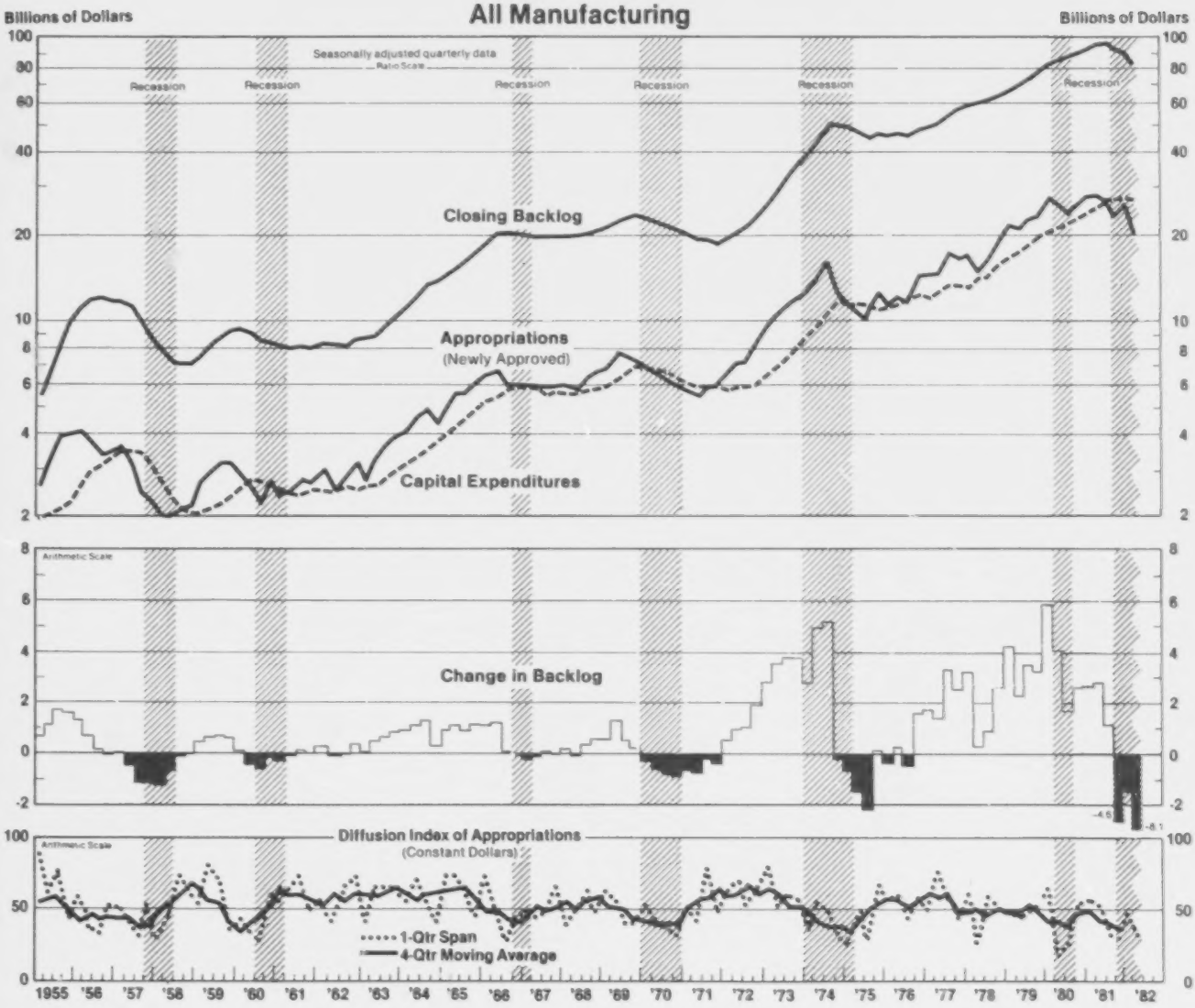

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The Conference Board

Quarterly Survey of Capital Appropriations

Second Quarter 1982

Capital appropriations of the nation's 1,000 largest manufacturers fell 22.2% in the second quarter, to a total of $20.0 billion (seasonally adjusted). The decline was broadly based, with cuts reported for 12 of the 17 separate industries for which the data are tabulated. Appropriations of the very large petroleum industry have been taking big swings in recent quarters and did so once again: In the second quarter, petroleum appropriations fell by one-third after having risen by one-half in the first quarter. Excluding petroleum, the big manufacturers' appropriations fell 13.8% in the second quarter.

Capital spending by the 1,000 largest manufacturers was $26.3 billion (seasonally adjusted) in the second quarter, down 2.3% from the first quarter and only 7.1% above the year-earlier level. The backlog of unspent appropriations fell by $8.1 billion, or 9%, in the second quarter, the largest drop on record in terms of both dollars and percent change. This was the third consecutive drop in the backlog and put it 15% below the peak reached in the third quarter of 1981.

The large manufacturers' expectations for the full year 1982 have been revised down once again. They now expect appropriations to be 11% below the 1981 figure and spending to be up a mere 1%. In January, appropriations were expected to rise 10% and spending 9%.

Second Quarter Developments

Capital appropriations have fallen in three of the past four quarters, the exception being the first quarter of 1982 when petroleum appropriations soared. Excluding the petroleum industry, appropriations have fallen in five of the past six quarters. In the second quarter of 1982, petroleum appropriations fell 34.5% to $6.9 billion—a rebound from the huge first-quarter increase—while nonpetroleum appropriations fell 13.8% to $13.2 billion. In all but one of the 17 tabulated industries, appropriations are below the industry record level, generally by sizable amounts.

Capital spending by durable goods manufacturers dropped 1.4% in the second quarter and petroleum industry spending dropped 5.4%, while aggregate spending by other nondurables industries edged up 0.5%. Total spending by the 1,000 companies fell 2.3% and was just about equal to the level three quarters earlier, that is, in the third quarter of 1981, Cancellations and adjustments of previously reported appropriations were a record $1.9 billion in the second quarter, swelled by record petroleum cancellations as well as unusually large amounts canceled in the motor vehicle, steel and nonelectrical machinery industries. Appropriations net of cancellations and adjustments totaled only $18.2 billion in the second quarter, down 28.2% from the first and more than one-third below the record reached in the second and third quarters of 1981.

Revised first-quarter appropriations were 5% below the preliminary figure—an above-average revision. It took into account, as usual, data from late-reporting companies, plus the once-a-year revision of seasonal adjustment incorporating data for the preceding year. New seasonal factors in five industries made a noticeable difference in their first-quarter data, particularly in motor vehicles. Revision of 1981 data did not alter the overall seasonal pattern: the rise to a historical peak in appropriations in the second quarter and accelerating decline in the third and fourth quarters.

Outlook for 1982

There has been virtually no net economic growth for the past three years and manufacturing capacity utilization is under 70%, the lowest it has been since the cyclical trough in early 1975. Expectations for economic growth in the year ahead are generally modest. Moreover, the real level of interest rates, especially long-term rates, remains very high. It is thus no surprise that the major manufacturers' expectations for investment activity are weak. During the second quarter, expectations for 1982 capital appropriations were generally cut, while 1982 capital spending expectations were cut in the petroleum industry and boosted in the nonpetroleum industries taken as a whole.

The latest expectations point to a drop of 11% in appropriations this year, with petroleum off 15%, other nondurables industries off 4%, and durables industries off 13%. The expectations of the petroleum and durable goods industries were revised down sharply during the second quarter. In the prior survey, the expected 1982 declines in appropriations were 5% overall, 6% in petroleum, 4% in other nondurables, and 4% in durables.

The petroleum industry's 1982 spending outlook was also revised down sharply during the second quarter—to an expected rise of only 2%, compared with the 12% expected in the prior survey. Nonpetroleum industries showed some strengthening of 1982 spending expectations, so that the overall figure for 1982—a 1% rise—is the same as that reported previously. The 1,000 largest manufacturers' spending expectations are generally quite similar to those reported for manufacturers in spring 1982 surveys by McGraw-Hill and the Commerce Department's Bureau of Economic Analysis.

If the expectations are to be realized, capital spending will have to drop in the second half of 1982, as will petroleum industry appropriations. Nonpetroleum appropriations will rise, however. The table shows percent changes by half-years, including the figures for the seocnd half of 1982 implied by the latest expectations.

Percent Change from Preceding Half-Year

	1981 First Half	*1981 Second Half*	*1982 First Half*	*1982 Second Half*
APPROPRIATIONS				
All industries	10.9	—10.4	— 8.3	6.8
Petroleum	13.4	—24.2	13.4	—20.1
Other	9.5	— 2.7	—17.8	23.2
Durables	5.6	— 0.5	—23.9	28.9
Nondurables	15.9	— 5.8	— 8.4	15.7
EXPENDITURES				
All industries	8.2	7.7	1.6	— 7.3
Petroleum	22.0	14.6	5.6	—18.6
Other	3.2	4.8	— 0.3	— 1.6
Durables	2.0	6.3	0.6	—13.2
Nondurables	5.2	2.3	— 1.6	17.5

Lora S. Collins

TABLE 1. PERCENT CHANGES IN CAPITAL APPROPRIATIONS AND EXPENDITURES
Seasonally Adjusted Data in Current and Constant (1972) Dollars

	Current Dollars				Constant Dollars			
	III-81 to IV-81	IV-81 to I-82	I-82 to II-82	II-81 to II-82	III-81 to IV-81	IV-81 to I-82	I-82 to II-82	II-81 to II-82
				—APPROPRIATIONS—				
ALL MANUFACTURING	—14.6	12.1	—22.2	—28.6	—15.3	6.9	—19.6	—30.9
ALL MFG. EX PETROLEUM	—14.0	— 4.6	—13.8	—31.6	—14.4	— 4.6	—16.8	—35.2
DURABLE GOODS	—17.5	—11.4	—10.0	—33.8	—17.6	—12.0	—12.4	—36.9
Primary iron & steel	—36.7	—29.8	—53.3	—79.0	—32.1	—28.7	—53.4	—78.9
Primary nonferrous metals	10.8	—39.9	—36.8	—66.4	6.9	—37.8	—37.6	—66.9
Electrical machinery & equipment	—22.5	7.8	25.6	28.6	—22.5	4.9	27.4	26.8
Nonelectrical machinery	3.4	—28.0	—16.1	—41.3	0.6	—28.8	—20.6	—45.2
Motor vehicles & equipment	—66.2	36.1	47.8	— 6.4	—66.8	31.1	45.7	—12.0
Other transportation equipment	—10.0	43.9	—14.5	6.4	—14.8	51.5	—19.4	— 1.5
Stone, clay & glass	—29.3	—20.9	—17.5	—51.4	—27.7	—20.5	—20.3	—53.7
Fabricated metals	39.2	—48.2	— 9.3	—17.6	44.7	—48.6	— 9.8	—20.3
Instruments & photo equipment	— 8.4	— 2.2	—30.7	—52.4	— 7.6	— 2.3	—31.9	—54.0
Other durable goods†	—48.9	129.1	—24.6	—24.6	—48.8	120.6	—24.0	—26.3
NONDURABLE GOODS	—12.5	28.7	—28.2	—24.9	—13.6	21.0	—23.5	—26.7
Food & beverages	—24.6	30.0	10.3	1.3	—25.2	32.4	5.5	— 3.7
Textiles	—16.0	—24.8	44.0	—18.6	—16.7	—24.9	40.4	—20.2
Paper & allied products	42.8	46.8	—72.5	—66.2	37.0	51.0	—73.0	—67.9
Chemicals & allied products	—21.3	—15.1	— 0.8	—25.5	—22.1	—14.4	— 6.8	—32.0
Petroleum & coal products	—16.2	50.2	—34.5	—21.9	—17.6	35.9	—24.6	—20.9
Rubber products	—39.8	35.3	—13.0	—10.0	—40.1	22.0	— 7.2	—13.3
Other nondurable goods†	33.3	—28.4	13.9	—25.3	36.0	—32.1	15.3	—23.9
				—EXPENDITURES—				
ALL MANUFACTURING	— 0.2	2.9	— 2.3	7.1	— 1.3	— 0.6	0.3	3.8
ALL MFG. EX PETROLEUM	— 0.9	0.5	— 0.7	3.7	— 1.8	0.2	— 3.4	— 1.2
DURABLE GOODS	— 1.0	1.8	— 1.4	5.8	— 1.8	1.1	— 3.6	1.4
Primary iron & steel	17.8	15.5	—11.5	23.7	26.3	17.2	—11.8	24.0
Primary nonferrous metals	—11.0	— 8.0	6.3	—14.2	—14.1	— 4.8	5.1	—14.9
Electrical machinery & equipment	— 6.0	12.5	9.3	18.7	— 6.0	9.4	10.9	17.1
Nonelectrical machinery	12.9	— 2.7	3.3	11.7	9.8	— 3.8	— 2.3	4.2
Motor vehicles & equipment	— 8.0	— 2.6	— 9.2	5.7	— 9.6	— 6.2	—10.5	— 0.5
Other transportation equipment	0.1	—17.0	6.1	—12.2	— 5.3	—12.6	0.0	—18.5
Stone, clay & glass	—10.6	7.0	—13.2	—12.5	— 8.7	7.6	—16.1	—17.1
Fabricated metals	7.1	8.9	— 6.6	19.0	11.4	8.0	— 7.0	15.1
Instruments & photo equipment	— 3.8	2.2	0.9	8.8	— 3.0	2.1	— 0.9	5.1
Other durable goods†	—32.0	18.8	—18.5	—26.0	—31.8	14.4	—17.8	—27.9
NONDURABLE GOODS	0.5	3.6	— 2.9	8.0	— 0.9	— 1.9	3.3	5.7
Food & beverages	— 8.8	— 3.4	4.8	—11.0	— 9.5	— 1.7	0.2	—15.4
Textiles	13.9	—16.1	18.3	9.7	12.9	—16.2	15.4	7.4
Paper & allied products	0.1	— 2.3	12.3	1.0	— 4.0	0.4	10.2	— 3.9
Chemicals & allied products	1.3	— 1.0	— 8.1	0.4	0.3	— 0.2	—13.7	— 8.4
Petroleum & coal products	1.4	7.8	— 5.4	14.6	— 0.3	— 2.5	8.9	16.1
Rubber products	13.7	—20.2	13.3	1.6	13.0	—28.0	20.8	— 2.1
Other nondurable goods†	0.1	12.8	4.4	28.1	2.2	7.1	5.7	30.6

See General Notes on page 7.

TABLE 2. CAPITAL APPROPRIATIONS AND EXPENDITURES

Seasonally Adjusted Quarterly Data in Millions of Current and Constant (1972) Dollars

	Current Dollars				Constant (1972) Dollars			
	III-81	IV-81	I-82	II-82	III-81	IV-81	I-82	II-82
ALL MANUFACTURING								
Opening backlog	96,177	97,341	92,739	91,110	85,298	85,895	83,640	82,732
Newly approved	26,938	22,992	25,767	20,039	13,689	11,591	12,394	9,963
Canceled	—443	1,420	472	1,873	—229	699	236	926
Capital expenditure	26,217	26,174	26,924	26,315	13,321	13,147	13,066	13,101
Closing backlog	97,341	92,739	91,110	82,961	85,895	83,640	82,732	78,668
DURABLE GOODS								
Opening backlog	40,837	41,801	39,848	36,854	38,621	39,119	38,129	36,609
Newly approved	11,549	9,532	8,446	7,600	5,994	4,939	4,346	3,805
Canceled	—494	520	279	770	—266	271	144	383
Capital expenditure	11,079	10,965	11,161	11,006	5,762	5,659	5,722	5,517
Closing backlog	41,801	39,848	36,854	32,678	39,119	38,129	36,609	34,514
Primary iron & steel								
Opening backlog	4,676	5,402	5,438	4,985	5,828	6,185	6,204	5,961
Newly approved	1,600	1,013	711	332	787	535	381	178
Canceled	46	2	38	212	23	1	20	113
Capital expenditure	828	975	1,126	996	407	515	604	533
Closing backlog	5,402	5,438	4,985	4,109	6,185	6,204	5,961	5,493
Primary nonferrous metals								
Opening backlog	3,781	3,643	3,652	3,548	3,774	3,701	3,706	3,652
Newly approved	473	524	315	199	249	266	166	103
Canceled	—5	—33	—85	—29	—3	—17	—45	—15
Capital expenditure	616	548	504	536	324	278	265	279
Closing backlog	3,643	3,652	3,548	3,240	3,701	3,706	3,652	3,491
Electrical machinery & equipment								
Opening backlog	3,646	3,807	3,512	3,254	3,961	4,046	3,891	3,759
Newly approved	1,734	1,343	1,448	1,818	913	707	741	945
Canceled	14	172	57	21	7	91	29	11
Capital expenditure	1,559	1,466	1,649	1,802	821	772	844	936
Closing backlog	3,807	3,512	3,254	3,249	4,046	3,891	3,759	3,757
Nonelectrical machinery								
Opening backlog	7,092	8,354	8,627	7,973	6,186	6,856	6,997	6,663
Newly approved	3,267	3,379	2,434	2,043	1,735	1,745	1,242	986
Canceled	—695	57	120	221	—369	29	61	107
Capital expenditure	2,700	3,049	2,968	3,065	1,434	1,574	1,515	1,479
Closing backlog	8,354	8,627	7,973	6,730	6,856	6,997	6,663	6,063
Motor vehicles & equipment								
Opening backlog	10,284	9,651	8,151	7,008	8,308	7,983	7,225	6,669
Newly approved	1,303	441	600	887	670	223	292	425
Canceled	11	170	18	323	6	86	9	155
Capital expenditure	1,925	1,771	1,725	1,566	989	894	839	751
Closing backlog	9,651	8,151	7,008	6,006	7,983	7,225	6,669	6,188
Other transportation equipment								
Opening backlog	2,643	2,466	2,251	2,377	2,343	2,252	2,148	2,212
Newly approved	723	651	937	801	370	316	478	385
Canceled	30	—5	88	—26	15	—2	45	—13
Capital expenditure	870	871	723	767	446	422	369	369
Closing backlog	2,466	2,251	2,377	2,437	2,252	2,148	2,212	2,241
Stone, clay & glass								
Opening backlog	1,931	2,021	1,931	1,770	2,165	2,212	2,164	2,078
Newly approved	622	440	348	287	324	235	187	149
Canceled	33	84	32	38	17	45	17	20
Capital expenditure	499	446	477	414	260	238	256	214
Closing backlog	2,021	1,931	1,770	1,605	2,212	2,164	2,078	1,993
Fabricated metals								
Opening backlog	1,748	1,784	1,941	1,781	1,703	1,721	1,804	1,721
Newly approved	416	579	300	272	210	304	156	141
Canceled	1	16	18	—17	1	8	9	—9
Capital expenditure	379	406	442	413	191	213	230	214
Closing backlog	1,784	1,941	1,781	1,657	1,721	1,804	1,721	1,657

TABLE 2. CAPITAL APPROPRIATIONS AND EXPENDITURES (continued)

	Current Dollars				Constant (1972) Dollars			
	III-81	IV-81	I-82	II-82	III-81	IV-81	I-82	II-82
Instruments & photo equipment								
Opening backlog	2,154	2,220	2,239	2,208	1,771	1,806	1,816	1,799
Newly approved	1,088	997	975	676	566	523	511	348
Canceled	47	40	47	—3	24	21	25	—2
Capital expenditure	975	938	959	968	507	492	503	498
Closing backlog	2,220	2,239	2,208	1,919	1,806	1,816	1,799	1,651
Other durable goods†								
Opening backlog	2,882	2,453	2,106	1,950	2,583	2,358	2,175	2,096
Newly approved	323	165	378	285	170	87	192	146
Canceled	24	17	—54	30	13	9	—27	15
Capital expenditure	728	495	588	479	382	261	298	245
Closing backlog	2,453	2,106	1,950	1,726	2,358	2,175	2,096	1,982
NONDURABLE GOODS								
Opening backlog	55,340	55,540	52,891	54,256	46,677	46,776	45,512	46,123
Newly approved	15,389	13,460	17,321	12,439	7,695	6,652	8,048	6,158
Canceled	51	900	193	1,103	37	428	93	543
Capital expenditure	15,138	15,209	15,763	15,309	7,559	7,488	7,344	7,584
Closing backlog	55,540	52,891	54,256	50,283	46,776	45,512	46,123	44,154
Food & beverages								
Opening backlog	4,608	4,331	3,781	3,552	4,398	4,255	3,974	3,854
Newly approved	1,481	1,116	1,451	1,601	763	571	755	797
Canceled	36	95	163	—8	19	49	85	—4
Capital expenditure	1,722	1,571	1,517	1,590	888	803	790	791
Closing backlog	4,331	3,781	3,552	3,571	4,255	3,974	3,854	3,864
Textiles								
Opening backlog	898	914	842	766	883	891	854	814
Newly approved	288	242	182	262	152	127	95	134
Canceled	21	28	18	18	11	15	9	9
Capital expenditure	251	286	240	284	133	150	126	145
Closing backlog	914	842	766	726	891	854	814	794
Paper & allied products								
Opening backlog	4,472	4,490	5,088	6,353	4,121	4,130	4,441	5,117
Newly approved	1,009	1,441	2,116	582	547	749	1,131	305
Canceled	91	—58	—29	—39	49	—30	—15	—20
Capital expenditure	900	901	880	988	488	468	470	518
Closing backlog	4,490	5,088	6,353	5,986	4,130	4,441	5,117	4,924
Chemicals & allied products								
Opening backlog	9,550	9,815	9,435	8,705	9,388	9,525	9,330	8,951
Newly approved	3,387	2,667	2,265	2,247	1,762	1,373	1,175	1,096
Canceled	82	—34	—54	50	43	—18	—28	24
Capital expenditure	3,040	3,081	3,049	2,801	1,581	1,586	1,582	1,366
Closing backlog	9,815	9,435	8,705	8,101	9,525	9,330	8,951	8,657
Petroleum and coal products								
Opening backlog	31,759	31,977	29,676	30,986	24,394	24,499	23,411	23,972
Newly approved	8,321	6,976	10,481	6,862	4,004	3,301	4,487	3,381
Canceled	—216	839	77	1,050	—104	397	33	517
Capital expenditure	8,319	8,438	9,094	8,605	4,003	3,993	3,893	4,240
Closing backlog	31,977	29,676	30,986	28,193	24,499	23,411	23,972	22,596
Rubber products								
Opening backlog	887	943	869	924	1,028	1,058	1,019	1,046
Newly approved	254	153	207	180	135	81	99	91
Canceled	15	19	—14	22	8	10	—7	11
Capital expenditure	183	208	166	188	97	110	79	95
Closing backlog	943	869	924	894	1,058	1,019	1,046	1,031
Other nondurable goods†								
Opening backlog	3,166	3,070	3,200	2,970	2,465	2,416	2,484	2,370
Newly approved	649	865	619	705	332	451	306	353
Canceled	22	11	32	10	11	6	16	5
Capital expenditure	723	724	817	853	369	377	404	427
Closing backlog	3,070	3,200	2,970	2,812	2,416	2,484	2,370	2,291

See General Notes on page 7.

TABLE 3. PROPORTION OF APPROPRIATIONS FOR PLANT

Percent

	80-II	80-III	80-IV	81-I	81-II	81-III	81-IV	82-I	82-II
ALL MANUFACTURING	21	23	19	21	20	19	18	20	25
DURABLE GOODS	22	23	15	19	21	19	18	21	24
Primary iron and steel	12	18	6	6	14	38	12	8	5
Primary nonferrous metals	24	26	24	20	20	16	24	14	14
Electrical machinery & equipment	20	24	19	16	19	16	13	22	14
Nonelectrical machinery	24	20	8	19	25	13	19	23	36
Motor vehicles & equipment	20	24	16	30	30	24	26	37	38
Other transportation equipment	38	41	32	27	24	25	38	23	37
Stone, clay & glass	7	5	28	10	7	19	9	8	15
Fabricated metals	21	25	16	16	13	30	14	17	15
Instruments & photo equipment	20	10	9	10	15	20	14	15	17
Other durable goods	20	21	17	17	20	17	13	25	19
NONDURABLE GOODS	18	22	24	23	17	18	19	19	27
Food & beverages	17	21	26	20	21	23	22	17	27
Textiles	21	10	12	16	22	14	14	15	19
Paper & allied products	16	17	11	14	3	6	17	9	11
Chemicals & allied products	23	30	29	22	14	20	20	18	33
Rubber products	8	8	6	21	19	13	12	43	21
Other nondurable goods	12	22	20	33	42	26	16	32	25

Based on data from those companies that report appropriations for plant and equipment separately. The composition of this group varies slightly from quarter to quarter. Petroleum industry is excluded. Historical data from 1959 available on request.

See also General Notes on page 7.

TABLE 4. PERCENT CHANGE IN CAPITAL APPROPRIATIONS AND EXPENDITURES: 1980 AND 1981 ACTUAL, 1982 EXPECTED*

	Appropriations			Expenditures		
	1980	1981	1982	1980	1981	1982
All Manufacturing	18	2	—11	21	15	1
All Manufacturing except Petroleum	4	—2	— 9	17	6	1
Durable goods	2	—5	—13	17	4	—3
Nondurable goods	34	7	—11	24	24	5
Petroleum	68	12	—15	32	42	2
Other	7	2	— 4	19	8	8

*Based on survey respondents' own expectations.

See also General Notes on page 7.

TABLE 5. CAPITAL APPROPRIATIONS AND EXPENDITURES, ANNUAL TOTALS
In Millions of Current and Constant (1972) Dollars

	Current Dollars				Constant (1972) Dollars			
	1978	1979	1980	1981	1978	1979	1980	1981
				—APPROPRIATIONS—				
ALL MANUFACTURING	67,156	88,519	104,631	106,956	43,085	52,469	58,497	55,029
ALL MFG. EX. PETROLEUM	52,014	68,993	71,756	70,052	33,509	41,380	40,215	37,056
DURABLE GOODS	33,089	43,339	44,271	42,146	21,290	26,088	24,893	22,357
Primary iron & steel	3,083	3,559	2,889	5,210	1,991	2,175	1,663	2,736
Primary nonferrous metals	1,381	1,941	3,384	2,482	880	1,163	1,883	1,497
Electrical machinery & equipment	4,421	5,859	6,544	5,787	2,845	3,535	3,668	3,073
Nonelectrical machinery	6,306	10,236	9,368	12,700	4,089	6,183	5,324	6,674
Motor vehicles & equipment	6,981	8,129	7,110	3,489	4,542	4,897	3,985	1,796
Other transportation equipment	2,911	3,817	4,201	3,099	1,858	2,246	2,293	1,589
Stone, clay & glass	2,311	2,367	2,043	2,094	1,495	1,449	1,178	1,126
Fabricated metals	1,625	1,846	1,571	1,765	1,055	1,125	881	931
Instruments & photo equipment	2,162	2,925	3,114	4,273	1,344	1,765	1,782	2,273
Other durable goods†	1,908	2,660	4,047	1,247	1,189	1,549	2,236	663
NONDURABLE GOODS	34,067	45,180	60,360	64,810	21,795	26,381	33,604	32,672
Food & beverages	4,898	6,640	6,603	5,772	3,165	3,938	3,706	3,022
Textiles	853	960	999	1,150	553	574	568	610
Paper & allied products	2,795	3,979	3,576	5,010	1,795	2,440	2,050	2,704
Chemicals & allied products	7,759	10,725	12,170	12,019	5,012	6,346	6,718	6,328
Petroleum & coal products	15,142	19,526	32,875	36,904	9,576	11,089	18,282	17,973
Rubber products	1,035	1,057	902	813	675	645	524	431
Other nondurable goods†	1,585	2,293	3,235	3,142	1,018	1,350	1,756	1,603
				—EXPENDITURES—				
ALL MANUFACTURING	58,356	73,126	88,209	101,341	37,374	43,290	49,327	51,949
ALL MFG. EX. PETROLEUM	43,861	56,250	65,981	69,763	28,224	33,694	36,967	36,646
DURABLE GOODS	26,414	35,230	41,056	42,871	16,973	21,173	23,070	22,505
Primary iron & steel	2,671	3,243	3,458	3,405	1,729	1,973	1,992	1,797
Primary nonferrous metals	1,433	1,685	2,411	2,386	911	1,005	1,334	1,252
Electrical machinery & equipment	3,668	4,918	6,271	6,069	2,356	2,965	3,506	3,225
Nonelectrical machinery	5,445	8,400	9,826	11,289	3,529	5,060	5,569	5,939
Motor vehicles & equipment	4,508	5,335	5,555	6,688	2,943	3,213	3,109	3,429
Other transportation equipment	2,051	2,908	4,039	3,464	1,309	1,710	2,186	1,770
Stone, clay & glass	1,944	2,407	2,289	1,886	1,256	1,472	1,317	1,016
Fabricated metals	1,237	1,614	1,568	1,515	804	982	883	799
Instruments & photo equipment	1,517	2,389	2,889	3,629	941	1,445	1,653	1,931
Other durable goods†	1,940	2,331	2,750	2,540	1,195	1,346	1,521	1,347
NONDURABLE GOODS	31,942	37,896	47,153	58,470	20,401	22,117	26,257	29,443
Food & beverages	4,217	5,037	6,014	6,744	2,725	2,989	3,370	3,523
Textiles	837	763	900	1,039	541	459	508	550
Paper & allied products	2,140	3,018	3,859	3,746	1,374	1,841	2,199	2,025
Chemicals & allied products	7,797	9,309	10,918	11,785	5,024	5,506	6,021	6,199
Petroleum & coal products	14,495	16,876	22,228	31,578	9,150	9,595	12,360	15,303
Rubber products	909	963	801	749	595	588	465	398
Other nondurable goods†	1,547	1,930	2,433	2,829	993	1,139	1,333	1,445

Each annual figure is the sum of not-seasonally-adjusted quarterly figures, and may not equal the sum of seasonally adjusted quarterly figures.

GENERAL NOTES

Data for 1982-I are revised; data for 1982-II are preliminary

As a result of the annual updating of seasonal adjustment factors, all data beginning 1981-I have been revised to incorporate new seasonal factors. In addition, all constant-dollar data beginning 1980-I incorporate revised deflators.

All estimates are based on a survey and are for the survey population, which is composed of the 1,000 largest manufacturing companies as ranked by total assets in 1979.

Historical data from 1953 available on request from the Business Conditions Analysis Department: (1) quarterly series seasonally adjusted; (2) quarterly series not seasonally adjusted; (3) annual series.

†Other durables includes lumber, furniture and fixtures, and miscellaneous manufactures; other nondurables includes tobacco, apparel, printing and publishing, and leather.

The Conference Board

Quarterly Survey of Capital Investment and Supply Conditions in Manufacturing

July 1982

The large manufacturers responding in July to the Quarterly Survey of Capital Investment and Supply Conditions reported even more unused capacity than in April. More respondents than in any earlier survey said they would reduce existing capacity, and shortages and allocations remained minimal. Plans to expand capacity strengthened in the petroleum industry and declined in steel, but in all other industries were not significantly changed from the April report. The July survey found manufacturers moving in the direction of less reliance on external funds to finance their capital investment.

Demand pressure in July, as measured by the proportion of firms reporting "inadequate" capacity, was the lowest it has been since this survey began in 1965 (7.9% weighted by assets, Table 1). The highest survey reading of inadequate capacity was 57%-58% of respondents in 1974.

Plant and equipment was "more than adequate" in July for a record 47% of survey respondents. However, the degree of underutilization was no greater than in April: one-third of all respondents again reported their facilities underutilized by more than 20%. Between April and July, excess capacity increased in four durables industries and dropped in three nondurables industries, including petroleum. No industry reports as much idle capacity as steel, where nine-tenths of the respondents have been at least 20% underutilized since the beginning of this year.

The slight overall advance in plans for adding to productive facilities was attributable to petroleum companies (Table 2). Excluding petroleum, expansion plans were reported by 60% of July respondents, down from 62% in April. This figure has never been lower. In July as in April, the leaders in expansion programs were electrical machinery, paper, chemicals, and instruments, while the least expansion was anticipated in motor vehicles, rubber, and steel. A record 7% of respondents now expect to let facility retirements exceed new additions. The electrical machinery industry is the only one in which no respondent reported plans for reduction of facilities; this was also the only industry that reported record capital appropriations in the second quarter (see page 4).

Survey respondents in July expected to raise 17.0% of their capital funds from external sources in the current half-year (Table 4). They had estimated 17.8% in April, but only 16.0% when asked initially in January. Now the preliminary figure for the first half of 1983 is 16.0%. (The preliminary estimate for first half 1982 was 15.5%; final revision was 18.7%). The highest proportion of external funds usage was recorded in 1970 (20%).

The same few products listed on allocation in April were reported again in July, with the addition of children's books, loose leaf binder rings, and two nonelectrical machinery items.

M. Nichols

TABLE 1. ADEQUACY OF CAPITAL FACILITIES

Percent Distribution of Responding Companies Weighted by Assets

	Apr. 1980	July 1980	Oct. 1980	Jan. 1981	Apr. 1981	July 1981	Oct. 1981	Jan. 1982	Apr. 1982	July 1982
					Inadequate					
All Manufacturing	13.7	12.4	12.4	10.5	10.5	9.3	10.1	8.3	8.4	7.9
Durable goods	17.9	15.9	16.7	13.9	16.1	13.2	14.9	13.0	11.4	10.9
Nondurable goods	9.7	9.0	8.6	7.2	6.1	5.7	5.7	4.3	5.9	5.2
					Sufficient					
All Manufacturing	64.6	56.3	57.0	55.0	56.6	50.5	52.8	52.8	45.7	45.0
Durable goods	53.8	46.2	44.0	45.4	49.7	52.1	52.4	50.8	47.6	44.6
Nondurable goods	74.9	66.3	68.4	64.4	62.0	49.1	53.2	54.5	44.1	45.3
					More Than Adequate					
All Manufacturing	21.7	31.2	30.6	34.5	32.9	40.2	37.1	38.9	45.9	47.1
Durable goods	28.3	37.8	39.3	40.7	34.2	34.7	32.7	36.2	41.0	44.5
Nondurable goods	15.4	24.7	22.9	28.4	31.9	45.3	41.1	41.2	50.1	49.6

TABLE 2. CHANGE IN CAPITAL FACILITIES EXPECTED FROM CURRENT SPENDING PROGRAMS

Percent Distribution of Responding Companies Weighted by Assets

	Apr. 1980	July 1980	Oct. 1980	Jan. 1981	Apr. 1981	July 1981	Oct. 1981	Jan. 1982	Apr. 1982	July 1982
					Expansion					
All Manufacturing	75.6	77.3	77.4	71.4	71.1	66.8	71.4	63.9	55.0	56.5
Durable goods	76.0	73.3	74.0	60.8	66.4	62.1	60.9	59.0	55.7	53.3
Nondurable goods	75.3	81.3	80.4	81.9	74.7	71.1	80.8	68.0	54.3	59.5
					No Change					
All Manufacturing	23.2	21.6	22.0	28.2	27.2	32.0	27.2	34.6	41.9	36.1
Durable goods	23.6	25.0	25.9	38.9	31.0	35.7	36.4	38.5	38.7	38.5
Nondurable goods	22.9	18.3	18.6	17.5	24.2	28.6	19.0	31.4	44.8	33.9
					Reduction					
All Manufacturing	1.2	1.1	0.5	0.4	1.7	1.2	1.4	1.5	3.1	7.4
Durable goods	0.4	1.7	0.1	0.3	2.6	2.2	2.7	2.5	5.6	8.2
Nondurable goods	1.9	0.4	0.9	0.5	1.1	0.2	0.2	0.6	0.9	6.7

TABLE 3. EXTERNAL SUPPLY SHORTAGES

Percent of Companies (weighted by assets) Reporting Lowered Production Because of Shortages

	Apr. 1980	July 1980	Oct. 1980	Jan. 1981	Apr. 1981	July 1981	Oct. 1981	Jan. 1982	Apr. 1982	July 1982
					Raw Materials					
All Manufacturing	4.5	3.7	2.3	2.6	0.4	0.4	0.2	0.1	0.0	0.1
Durable goods	0.2	0.6	0.3	0.7	0.3	0.2	0.3	0.3	0.0	0.2
Nondurable goods	8.7	6.7	4.0	4.6	0.5	0.6	0.0	0.0	0.1	0.0
					Processed Goods					
All Manufacturing	1.5	0.2	0.5	0.1	0.2	0.1	0.2	0.1	0.1	0.0
Durable goods	2.9	0.3	1.0	0.2	0.5	0.3	0.4	0.2	0.3	0.0
Nondurable goods	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
					Both					
All Manufacturing	4.2	1.5	1.6	1.2	0.7	0.6	0.3	0.0	0.0	0.0
Durable goods	1.2	1.8	2.0	1.2	1.7	1.1	0.7	0.0	0.0	0.0
Nondurable goods	7.1	1.2	1.2	1.1	0.0	0.1	0.0	0.0	0.0	0.0

TABLE 4. ANTICIPATED SOURCES OF FUNDS FOR CAPITAL EXPENDITURES

Percent Distribution of Responding Companies Weighted by Assets

	1979		1980		1981		1982		1983
	First Half	Second Half	First Half	Second Half	First Half	Second Half	First Half	Second Half (r-2)	First Half (p)
From Internal Sources									
All Manufacturing	89.2	88.6	83.7	83.2	84.3	83.6	81.3	83.0	84.0
Durable goods	89.7	87.9	77.8	83.7	82.4	83.9	79.7	80.9	83.2
Nondurable goods	88.6	89.5	89.2	82.8	85.7	83.4	82.6	84.7	84.7
From External Sources									
All Manufacturing	10.8	11.4	16.3	16.8	15.7	16.4	18.7	17.0	16.0
Durable goods	10.3	12.1	22.2	16.3	17.6	16.1	20.3	19.1	16.8
Nondurable goods	11.4	10.5	10.8	17.2	14.3	16.6	17.4	15.3	15.3

TABLE 5. AVAILABILITY OF EXTERNAL CAPITAL FUNDS COMPARED WITH THREE MONTHS EARLIER

Percent Distribution of Responding Companies

	Apr. 1980	July 1980	Oct. 1980	Jan. 1981	Apr. 1981	July 1981	Oct. 1981	Jan. 1982	Apr. 1982	July 1982
Easier										
All Manufacturing	1.3	26.9	6.8	5.4	6.7	3.1	6.0	5.7	4.6	3.5
Durable goods	1.0	26.6	7.4	6.3	7.6	2.5	5.1	5.3	5.4	3.5
Nondurable goods	1.6	27.1	6.0	4.4	5.8	3.7	7.0	6.1	3.7	3.6
Same										
All Manufacturing	67.3	68.9	83.5	86.5	85.1	88.2	85.4	86.5	89.9	89.2
Durable goods	68.2	69.7	81.9	84.7	84.8	90.5	87.3	86.2	89.2	88.6
Nondurable goods	66.3	68.1	85.2	88.3	85.3	85.8	83.4	86.7	90.6	89.8
Tighter										
All Manufacturing	31.4	4.3	9.7	8.1	8.2	8.7	8.6	7.9	5.6	7.3
Durable goods	30.8	3.7	10.6	8.9	7.6	7.0	7.6	8.5	5.4	8.0
Nondurable goods	32.1	4.8	8.8	7.2	8.9	10.5	9.6	7.2	5.8	6.6

Please Note: In the interest of speeding the data contained in this publication to you, these series are now available on-line through The Conference Board Data Base. For more information, call Linette Stein at (212) 759-0900.